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EDITORIAL

THE MALPRACTICE CRISIS: SOME SOLUTIONS

A crisis in medical malpractice insurance is spreading throughout the United States, which threatens the demise of the private practice of medicine. The problem has resulted from the escalating rate of malpractice actions and higher jury awards, which has not only caused malpractice premiums to soar, but also has reduced the availability of insurance coverage because of losses experienced by malpractice insurers. Many doctors don't earn enough to pay the new premiums—which go up to $36,000 per year for surgeons in California, and higher yet in the future.

Legislation has recently been enacted in some 25 states to try to deal with the crisis. The problem is so serious in California that many Los Angeles-area physicians have begun a "work action" and have closed their offices to dramatize their plight. Their object is to pressure the legislature to come up with some relief. Governor Jerry Brown has responded to a demand that the state create a malpractice insurance fund—with limits on rates—by proposing that doctors fulfill their "social obligation" in the form of providing free medical services to the needy (for 20 days a year) as the price of the state "bailing out" the doctors.

Although Brown has previously recognized that, instead of solving a problem, government intervention "might make it worse," his approach to the malpractice crisis reveals his willingness to expand state involvement. In a sense, it is good that Brown demands what he calls a "sacrifice" from doctors as a condition to the state's guaranteeing a maximum insurance premium (which means nonconsenting taxpayers will be forced to finance a doctor's cost of doing business)—because this helps teach a swift lesson about the costs of statist remedies.

There are no easy answers to this complex problem. We fear that many "cures" which are being advanced are worse than the disease, and we comment below on some of the diverse proposals before proceeding to outline a program which we support.

☐ *Statutory limitations on contingent fees and insurance rates?* Price controls on contingent fees and insurance rates would be both ineffective and foolish. Reducing the fees charged by attorneys in malpractice cases would allow the injured patient to retain a larger portion of the award, but wouldn't lower the award itself, so that the costs of malpractice would remain the same unless the fee be forced so low as to inhibit smaller cases (even if meritorious) from being filed. On principle, any doctor who advocates statutory limits on fees charged by lawyers or insurers should be prepared for similar constraints on physicians. Since a main concern of government is to keep medical costs down (it has been estimated that federal, state and local governments either purchase or provide about 70 percent of the approximate $120 billion spent annually in the U.S. for health services), the easiest statist approach would be to nationalize medicine and limit the income of doctors.

☐ *Strengthening of state licensure powers?* Included in the current debate are proposals to put more "teeth" in regulatory boards and strengthen laws to suspend or revoke licenses to practice medicine. Exactly the opposite is called for. In *Capitalism and Freedom*, Milton Friedman persuasively demonstrated how licensure has reduced both the quality and quantity of medical services, resulting in higher costs to consumers. The AMA cherishes its monopoly control on access to the profession, but it is germane for doctors to now reevaluate the paternalistic arguments supporting licensure and, instead, consider the system of *certification* by private, voluntary associations (see "Editorial," REASON, October 1974). In any event, the argument to strengthen licensing is a red herring, since incompetent doctors need not affect the cost of malpractice insurance if insurers engage in selective underwriting and reject undesirable risks.

☐ *Impose statutory ceiling on malpractice awards?* There is no rational way for legislators to determine how much injured patients should recover from negligent doctors. Presently, the law in many states prevents doctors from entering into enforceable agreements with their patients to voluntarily limit liability. Eliminating legal barriers to the enforceability of private agreements to limit liability is the *best single step* a state legislature could take to alleviate the malpractice crisis. In this context, it is important to distinguish between *private*, consensual limits on liability, and limitations which are imposed by the *state* (which are analogous to a law restricting the number of hours a physician may work).

☐ *Compulsory arbitration?* Proposals for compulsory binding arbitration would substitute an arbitration panel instead of a jury trial as the forum for determining malpractice claims. Government courts are obviously costly and inefficient, but there is insufficient experience to expect that arbitration would help the situation. While doctors and patients should be free to voluntarily contract for arbitration of malpractice claims (and legislative reform is necessary where private arbitration agreements are unenforceable), they should not be required to arbitrate against their will. As a tactical matter, arbitration has numerous pros and cons, which make it a two-edged sword. Doctors presently win a high percentage of the cases which go to a jury, and it is quite possible that binding arbitration would aggravate the malpractice problem.

☐ *Shortening the statute of limitations?* This proposal would clearly reduce the costs of insuring doctors, at the expense of depriving patients of a remedy if they are unaware of the doctor's negligence within the specified limitations period (e.g., one or two years). The entire subject of statutes of limitations, which prevent the bringing of actions after passage of a specified time period (even if no prejudice results to the defendant from the delay), merits further analysis. Rather than arbitrary limitations periods set by statute, we favor the use of private agreements between doctors and patients to voluntarily limit the time in which an action may be brought.

RECOMMENDATIONS

Here's a brief summary of our program for reform:

1. Recognise the validity of agreements between doctors and their patients to voluntarily limit liability for malpractice, and to voluntarily limit the time in which a patient may file a claim. (These agreements can be drafted to cover some, but not all, emergency cases.)
2. Eliminate monopolistic, anticonsumer restrictions on the right of individuals to practice medicine without a government license (e.g., nurses and paramedics) and restrictions on the right of doctors and lawyers to advertise their fees, to allow market forces to reduce the cost of professional services.
3. Deregulate insurance carriers to allow innovative market approaches, such as doctor-owned insurance companies and the sale of malpractice insurance coverage directly to *patients*, so that patients may decide for themselves (just as they now do for life, disability or hospitalization insurance) whether they desire to bear the cost of insurance premiums.
4. State and federal income tax credits (not merely deductions) should be allowed for the full cost of insurance coverage.

Pending the enactment of these reforms, if malpractice premiums are unmanageable, it may be prudent for doctors to "go bare"—practice without malpractice insurance coverage—plus enter into agreements with patients to limit liability (even if not clearly enforceable), and take appropriate steps to protect their assets from potential claimants. Depending on availability and cost, uninsured doctors also might join a plan for prepaid legal defense (to insure against the costs of legal defense only).

In short, to prevent the malpractice crisis from turning into a disaster, the soundest approach lies in reducing—not increasing—governmental intervention in the practice of medicine.—**MANUEL S. KLAUSNER**

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★★★

Milk, Money & Monopoly

MICHAEL MC MENAMIN

"As far as the politics are concerned—looking into 1972 . . . you're going to have to be strong in rural America . . . these dairymen are organized; they're adamant, they're militant. This particular group, AMPI, which is the American Milk Producers Institute or something, uh, represents about 40,000 people. . . . Mid-American group represents about 40,000. The southeastern group, uh, Diarymen, Incorporated, whatever their name is, represents a lesser number but probably in the range of 20,000 members. They, uh, very frankly, they tap these fellows—I believe it's one-third of one percent of their total sales or $99 a year whichever. . . . Oh, it's a check-off. No question about it . . . . And they, they're massing an enormous amount of money that they're going to put into political activities, very frankly."

Secretary of the Treasury John Connally, transcript of meeting on milk price supports between the President and his economic advisers, March 23, 1971

"Uh, I know, . . . that, uh, you are a group that are politically very conscious. Not in any partisan sense, but that you realize that what happens in Washington, not only affecting your business, but, affecting the economy, or foreign policy and the rest, affects you. And you're willing to do something about it. And, I must say a lot of businessmen and others that I get around this table, they'll yammer and talk a lot but they don't do anything about it. And you do, and I appreciate that. And, I don't have to spell it out."

President Richard M. Nixon, transcript of meeting with milk producer cooperatives, March 23, 1971.

In the 1972 campaign, the political committee of the nation's largest milk producer cooperative, Associated Milk Producers, Inc. (AMPI), contributed over $900,000 to candidates of both parties, more than any other organization except the political arm of the AFL-CIO (*Time,* Dec. 3, 1973, p. 2). On August 1, 1974, AMPI pleaded guilty in U.S. District Court in Washington, D.C., to six counts of conspiracy and illegal campaign contributions totaling over $280,000 which had been distributed illegally over a four-year period to such prominent national figures as Richard Nixon, Hubert Humphrey, Edmund Muskie, and Wilbur Mills.

Other milk producer interest groups were similarly munificent in the 1972 campaign. According to the Senate Watergate Committee's final report, the various dairy producer interests contributed at least $672,000 to Richard Nixon's reelection campaign, $130,000 to Wilbur Mills' Presidential campaign, and over $40,000 to Hubert Humphrey's Presidential campaign. Yet the resulting notoriety did not deter them from playing an active role in the 1974 congressional campaigns. Campaign finance reports of

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milk cooperative political committees show that they donated a total of $239,300 to candidates during 1974. Those receiving significant contributions included Senator Herman Tallmadge (D-Ga.), chairman of the Senate Agriculture Committee, which passes on dairy legislation; Senator Hubert Humphrey (D-Minn.), who had outstanding 1972 Presidential campaign debts; and Representative David R. Bowen (D-Miss.), a senior member of the House Agricultural Committee's Dairy Subcommittee. The total would have been larger except that approximately 30 percent of all contributions by the milk cooperatives were returned or not accepted. This left the milk cooperatives with $2.3 million—as one reporter put it, "the largest hoard of unspent political cash in the nation" (The Cleveland *Plain Dealer,* Feb. 7, 1975, p. 8A).

THE POLITICS OF MILK PRICES

One need not be an incurable cynic to suspect that campaign contributions induce politicians to support policies they would otherwise oppose. On the other hand, if the public good happens to coincide with the best interests of major contributors—well, needless to say, this happy coincidence of interests occurs quite often between the dairy industry and the Federal government.

For example, protectionism, the policy of governmentally imposed restrictions on imports, has long been favored by industries which would be adversely affected by foreign competition. The dairy industry is no exception, although its interest in protectionism goes beyond the usual effect of foreign competition. This is because the production of grade A raw milk in the United States is controlled by a number of regional cartels—associations of competitors formed to limit competition in order to effect monopoly prices. In the raw milk industry, the cartels are formed through the assistance of, and are largely administered by, the U.S. Department of Agriculture (USDA).

There is no free market price for the raw milk produced by members of the milk cartels. Instead, the USDA fixes a minimum price which dairies must pay to milk producers belonging to the cartels. This minimum price is the actual market price of raw milk in 10 of the 25 largest market areas regulated by the USDA. In the other 15 areas, the USDA minimum price is a key element enabling milk producer cooperatives to charge monopoly prices higher than the USDA fixed price. Accordingly, members of the milk cartels are acutely interested in *how* the USDA sets prices.

The common base in the economic formulae used to fix the minimum price is the relatively free market price of unregulated "manufacturing grade milk" (i.e., raw milk, usually Grade B, which is used in processing "hard" products such as butter, cheese, and powdered milk, as opposed to fluid grade raw milk, usually Grade A, which is used to process fluid

milk and is regulated by the USDA). This market price, established at some 500 plants in Minnesota and Wisconsin which supply manufacturing grade milk, is known as the Minnesota-Wisconsin price series, or simply the M-W price.

Most dairy *imports* are of the "hard" variety and therefore compete directly with manufactured milk products. If dairy imports were allowed to enter the country freely, they would automatically depress the M-W price, thus lowering the fixed price of raw milk.

WORKING THE POLITICAL MACHINE

On September 21, 1970, the dairy industry succeeded in persuading the Tariff Commission to establish certain import quotas for ice cream and low fat cheeses. On December 16, 1970, a Washington lawyer for AMPI hand-delivered to the White House a letter requesting that President Nixon adopt the Tariff Commission recommendations. The letter baldly stated that AMPI had contributed about $135,000 to Republican candidates in the 1970 election and was now working to set up appropriate channels to contribute $2 million for the President's reelection and for an unspecified "special project." The letter went on to complain that the dairy industry did not understand the President's delay and plaintively noted that "the longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days." (*Statement of Information,* Hearings before the Committee of the Judiciary, House of Representatives, 93d Cong., 2d sess. [1974], Book VI, Part II, p. 271.)

With 30 percent of their contributions returned or not accepted, the milk cooperatives ended up with "the largest hoard of unspent political cash in the nation."

On December 31, 1970, Nixon signed a proclamation lowering import quotas on certain dairy products. Although his action was less favorable than that recommended by the Tariff Commission, AMPI apparently felt its money was well spent, for it noted in a January 5, 1971, press release that:

> The President's December 31 proclamation establishing import quotas for . . . dairy products has been the object of a lot of work by AMPI for many months . . . . President Nixon's decision is a step toward more stability in our market that will be remembered and appreciated by dairy farmers. [*Statement of Information,* p. 271.]

This overt linking of campaign contributions to government decisions on dairy import quotas was merely a prelude. Beginning in early 1971, milk producer cooperatives began intensive lobbying efforts to pass legislation in Congress increasing the USDA milk price support level to a point between 85 and 90 percent of parity. Percentage of parity is the price level at which USDA is authorized to purchase all surplus milk from the market. USDA price supports, as such, should not be confused with the USDA fixed price for fluid grade raw milk. The latter is established by USDA fiat and *must* be paid. The former is the price at which USDA announces it will purchase surplus milk, but no other buyers are compelled to pay the price. Since the USDA usually absorbs surplus milk in the form of manufactured milk products like cheese, butter, and nonfat dry milk, the USDA announcement of price supports effectively sets a floor under the market price of unregulated manufacturing grade milk. As with import quotas, therefore, the milk price support level artificially stimulates the M-W price, and thus the USDA cartel price for fluid grade milk.

As a result of the lobbying begun in 1971, 87 members of Congress wrote or wired the Department of Agriculture in February and March of that year urging an increase in milk price supports to 90 percent of parity. Ten other members recommended an increase to at least 85 percent of parity, while 44 members forwarded constituent requests which sought increases to various levels. During a single week in March, 28 bills sponsored by 118 representatives were introduced in the House, and two bills sponsored by 29 Senators were introduced in the Senate, to increase price supports to at least 85 percent of parity. (*Statement of Information,* p. 22.)

Nevertheless, on March 3, 1971, Secretary of Agriculture Clifford Hardin concluded that an increase in milk price supports—then 79 percent of parity—was not economically justified to insure an adequate supply of milk. The President approved this decision, and announced it officially on March 12, 1971.

POLITICAL QUESTIONS GET POLITICAL ANSWERS

The battle was just beginning. As an AMPI lawyer candidly observed in a March 19, 1971, letter to John Erlichman's assistant for agricultural affairs:

> *This is a political question and requires a political answer* . . . . Dairy industry leadership has been very materially assisting the Nixon administration tangibly and intangibly . . . . Ironically, until March 12, the dairy industry has gotten from this administration substantially what it wanted although, unfortunately, always after a vigorous effort . . . . For political, if no other reasons, parity must again be set at 85% . . . . The President's name, not the Secretary [of Agriculture] is on the ballot. [*Statement of Information,* p. 404, emphasis in original.]

On March 23, 1971, the President, the Secretary of Agriculture, and other White House officials met with AMPI and other milk cooperative representatives. Later that same afternoon, the President met with his top economic advisors to discuss the milk price support level. On March 24, 1971, after a night flight from Washington, AMPI officials met at 4 a.m. in Louisville with officials of Dairymen, Inc., the country's third largest milk producer cooperative. That afternoon a Dairymen, Inc. contribution of $25,000 was flown to Washington and given to several Republican committees to purchase seats for a Republican fundraising dinner that evening. At the dinner, AMPI representatives told Nixon attorney Herbert Kalmbach that the milk producers were reaffirming their $2 million pledge to Nixon's '72 campaign. On March 25, 1971, Secretary of Agriculture Hardin reversed his decision and announced a milk price support level at 85 percent of parity. Thereafter, between March 30 and August 5, 1971, milk cooperatives funneled $250,000 to 100 separate political committees supporting the President's reelection campaign and throughout this period referred to their "commitment" to make contributions to the Nixon campaign. (*Statement of Information,* pp. 38, 42, 43, 628.)

Price support levels, however, must be adjusted and in 1974 the milk cooperatives were back. Just before adjourning on December 20, 1974, the Senate, by an unrecorded voice vote, passed a bill against raising the milk price support to 85 percent of parity. The House passed a similar measure the same night.

Of the $239,300 contributed by milk cooperatives to congressional candidates in 1974, $151,000 went to 62 incumbent members of the House. When the price support increase came to a vote, 35 of the 62 favored it, 7 voted against it, and the other 20 were either absent or voted "present." It was subsequently revealed that almost half of the $151,000 was contributed *after* October 24, 1974, the last filing date for campaign expenditures which would be made public prior to the election. The last-minute contributions were invariably in the amount of $4,995. Since contributors were required to report by telegram donations of $5,000 or more made in the last few days before the election, the milk cooperatives thus avoided public knowledge of their contributions until after the election.

MILKING CONSUMERS

Business interests do not distribute campaign largesse in these amounts without good reason. Milk producer cooperatives are no exception. Milk is big business. Retail dairy sales annually exceed $17 billion. Over 60 percent of this figure is directly attributable to the cost of raw milk ("Milk: Why Is the Price So High?" *Consumer Reports,* Jan. 1974, p. 79).

In 1967, 86 percent of all raw milk producers in the USDA-sponsored milk cartels were members of milk producer cooperatives, a significant figure because the cartels are only part of the problem of monopoly costs in the milk industry. ("Monopoly" is used throughout this article in an economic, not a legal, sense.) Also involved are those cooperatives which, while sheltered within the structure of the cartels, have achieved a tremendous growth in market power.

From 1967 to 1970, over 170 local dairy cooperatives with a combined membership of 70,000 dairy farmers producing over 26 billion pounds of milk annually were combined into four large multimarket regional cooperatives located throughout the central United States. These four regional "super cooperatives" control more than 75 percent of the raw milk supplied to such major fluid milk markets as Chicago, Madison, Cleveland, Toledo, Indianapolis, Louisville, Houston, Dallas, San Antonio, Memphis, Oklahoma City, Omaha, and Minneapolis-St. Paul.

Market power of this magnitude does not lie dormant. It is used—quite effectively. According to figures released by the National Association for Milk Marketing Reform, the super cooperatives charged 10 cents a gallon more for milk in August, 1974, in Ohio, Michigan, and Indiana than the prevailing USDA minimum price in those markets. Economic studies indicate that the milk cartels' minimum price is itself approximately 10 cents a gallon higher than it would be under free market conditions (R. W. Bartlett, "Bringing Federal Order Class I Pricing Up to Date and in Line with Antitrust Regulations," *Illinois Agricultural Economics,* Jan. 1974, p. 6).

The dairy interests complained to President Nixon that "the longest the Democrats ever took to implement a Tariff Commission dairy recommendation was 16 days."

All of this means that government price fixing, combined with monopoly power, has raised the price of a gallon of milk some 20 cents higher than if competitive conditions prevailed. The government's own statistics lend support to this conclusion. Between 1959 and 1972, the wholesale price index increased 24 percent for all goods and 25 percent for all farm products. The increase for raw milk was twice that—49 percent.

MORE REGULATION, MORE POWER

The Federal government, however, is not alone in allowing dairy interests to prosper at the expense of the public. State governments have also entered this area, fixing minimum *retail* prices for fluid milk. These, of course, are *in addition* to the monopoly overcharges for raw milk by (1) the USDA milk cartels and (2) the super cooperatives. A minimum

retail price of fluid milk is currently fixed and enforced in 13 states, down from a high of 31 states.

The anticompetitive purpose of these laws is admitted by the industry. According to a spokesman for the Dairy Institute of California:

> Price controls keep a number of smaller businesses alive and help stabilize the market. Without controls, we would see an immediate price war, which would weed out the independents. ["The Propped-Up Price of Milk," *Money,* June 1973, p. 76.]

The anticompetitive effect of these laws is predictable. In a 1972 study of 46 markets with a population of 500,000 or more, the price in 37 competitive markets averaged over 11 cents a gallon less than in the 9 state-controlled markets. Further, retail markup as a percentage of wholesale cost was 20 percent greater in the state-controlled markets. (R. W. Bartlett, "Do Supermarkets Charge Consumers Too Much for Selling Milk," *Dairy Industry News,* March 30, 1973, p. 2.)

Monopoly pricing, however, is not the only effect of retail price regulation. There is a strong tendency to maintain the status quo in other matters. In almost all retail price maintenance states, cost figures are used to adjust wholesale or retail price structures. This produces a strong tendency toward average cost pricing and resistance to changing price structures to reflect lower cost containers or methods of distribution. As a result, prices tend to rise to the highest common denominator, reflecting at least the average costs of all dairies. An efficient dairy, with costs below average, is legally prohibited from gaining a competitive advantage by reducing prices.

Government price fixing and monopoly power have raised the price of a gallon of milk some 20 cents higher than if competitive conditions prevailed.

The competitive situation in retail milk marketing has changed drastically during the last 30 years. At the end of World War II, home delivery accounted for 54 percent of milk distribution. By 1969, this had been reduced to 22 percent and is presently less than 20 percent. When dealing with supermarkets, chain dairy stores, delicatessens, and convenience stores, the average dairy finds itself in a far different competitive position than when dealing with a large number of individual home-delivery consumers. In many cases the retail purchaser is larger and has more bargaining power than the dairy. To the extent that a dairy relies on four or five large accounts, the loss of one or two may be fatal to its business. In order to service these larger accounts, concentration among dairies has been increasing.

The only purpose served by retail price maintenance in those 13 states which still have such laws is to resist these long-range trends and to save inefficient dairies which would otherwise be unable to survive in a competitive market.

ORIGINS OF THE SYSTEM

Agricultural cooperatives are composed of individual farmers who join together to fix the price at which they will sell their particular commodities. Typically, milk producers assign title to their milk to the cooperative, which then sells it and returns the proceeds (less dues and administrative fees) to the producers. In essence, the cooperatives are combinations or conspiracies in restraint of trade. Since the Sherman Act of 1890 prohibited such activity, early farmer cooperatives attempted to secure exemptions from it.

Initially they were unsuccessful. When the Sherman Act was pending before Congress, amendments to exempt both labor unions and agricultural cooperatives were defeated. Some farm groups were subsequently successful in securing exemptions from state antitrust laws, but in 1902 the Supreme Court declared such a state statute unconstitutional, holding the exemption for farmers to be unjustifiable class legislation. This obstacle was finally overcome in 1914 with the enactment of the Clayton Antitrust Act, which granted a limited exemption to labor organizations and agricultural cooperatives.

Milk bargaining cooperatives had been tried out in the Chicago market as early as 1887 by the Milk Shippers Central Union of the Northwest. In 1897, the Milk Producers Union in Boston negotiated a "classified pricing" system with 7 wholesalers who controlled 75 percent of the milk supply. Classified pricing was established in Minneapolis-St. Paul in 1918, in Baltimore in 1919, in Philadelphia in 1920, and in New York and Milwaukee in 1921. These systems gradually prevailed in most major markets and extended through the 1920's and early 1930's.

The concept of classified pricing is central to an understanding of the milk cartels as they exist today. The system has two separate aspects: (1) the price the cooperative charged dairies for raw milk and (2) the amount the cooperative returned to the producer members.

First, price was determined by the milk's end use—by whether it was subsequently processed into fluid milk form (a higher price) or into manufactured milk products. Second, regardless of end use, a cooperative would pay each of its producer members at the same rate, based on a weighted average of the prices charged to dairies.

COMPETITIVE PRICING

This dichotomy in the pricing of an otherwise fungible commodity would occur in a free market

only when there is a shortage of raw milk for all purposes. Because of its perishable nature, fluid milk cannot be stored for long periods. The demand for fluid milk is fairly constant and relatively inelastic (a change in price does not appreciably affect the quantity demanded). During a shortage, therefore, a fluid milk processor will pay more for raw milk than during normal conditions—he knows he can pass on the price increase. A manufacturing milk processor, on the other hand, faces an elastic demand for his products—changes in their prices affect the quantity demanded. Further, most of his products can be stored for relatively long periods. He thus has no incentive to pay higher prices for raw milk during a shortage, for he cannot pass on the increase to consumers and, unlike a fluid milk processor, he can wait for the price to fall.

Dairy cows fail to appreciate these market nuances. They produce more milk in the spring (the "flush season") than in late fall and early winter (the "short season"). Accordingly, raw milk ordinarily commands a higher price in the short season.

Prior to Federal regulation, this natural production cycle led to intense competition among milk producers to find fluid milk processors to ship to on a year-round basis, thus ensuring higher prices during the short season. The more intense this competition became, however, the lower the short season premium paid by fluid milk processors, and the lower the overall price of raw milk on a year-round basis.

The purpose of classified pricing, as introduced by the early cooperatives, was to eliminate producers' competition for fluid milk outlets and to actually impose a year-round differential to be paid by fluid milk processors. By joining a cooperative which would market all of his milk, a producer would no longer have to compete for a fluid market—whether the co-op sold his milk to a fluid processor or to a manufactured milk processor, he would be reimbursed at the same average rate as any other member.

CLASSIC CARTEL PROBLEMS

Classified pricing, however, had enforcement problems. Dairies which processed fluid milk attempted to find manufactured milk processors who would purchase raw milk at the manufactured milk rate and resell it for fluid use at a lower price than the prevailing cooperative fluid price. Moreover, any individual farmer who dealt directly with a fluid milk dairy in a classified pricing market could usually receive more for his milk than the "blend" or average price paid to cooperative members, yet the dairy would be buying the raw milk for less than the price charged other dairies by the cooperative. The cooperative, because of overproduction, often had a large surplus which it disposed of at the manufacturing rate to cheese plants, thus lowering the blend price paid to its members and accelerating the above trends.

The incentives for both milk producers and dairies to get around the cartel's pricing and the difficulties of enforcement led to the breakdown of classified pricing systems during the depression of the 1930's. Depression conditions led to a drastic decrease in demand and a subsequent drop in prices. In response to this, some farmers increased production in order to maintain their income. More and more dairies turned to independent farmers in order to obtain milk supplies at prices well below those established by cooperatives. Cooperatives, in turn, lost many members as it became difficult to keep their fluid price higher than that for manufactured milk uses. [Reuben A. Kessel, "Economic Effects of Federal Regulation of Milk Markets," *Journal of Law and Economics,* April 1967, pp. 51-78; Eisenstat, Masson, and Roddy, *An Economic Analysis of the Associated Milk Producers, Inc. Monopoly,* unpublished manuscript, 1974, pp. 140-42.]

PROPPING UP THE CARTELS

Faced with the free market's reassertion of competition in the face of private attempts to cartelize the raw milk industry, the Federal government resorted to direct intervention, i.e., the policy of government coercion to direct a market in a manner different from that dictated by supply and demand. First under the Agricultural Adjustment Act of 1933, and subsequently under the Agricultural Marketing Agreement Act of 1937, the Federal government moved to "stabilize" prices in fluid milk markets throughout the country. The government's stated purpose was:

> (1) To remedy a short-run condition of disruptively low milk prices and chronic surpluses, and
>
> (2) To provide a framework for long-run price and income stability for dairy farmers. [Ronald D. Knutson, et al, *Milk Pricing Policy and Procedures,* Part 1, (USDA, 1972), p. 4.]

In practice, what the government created was the framework for establishing local and regional milk cartels. In so doing, it institutionalized the earlier system of classified pricing, thereby solving the enforcement problems which had so plagued the cooperatives in the early years of the depression.

The Agricultural Marketing Agreement Act of 1937 provides that two-thirds of the producers supplying milk to a proposed marketing area (or producers supplying two-thirds of the milk to an area) can vote to put into effect a "Federal Order" in that area. A Federal Order is a set of rules established by local milk producers or their cooperatives (which are permitted to cast a "bloc" vote for all of their members) for the purpose of regulating the sale of milk—including its minimum price—in their marketing area. The rules are then enforced by the Federal government.

Dairies have no control over this process. Indeed, the USDA itself has little control; while it ostensibly drafts the rules, these are subject to a milk producer

veto. If proposed regulations are not acceptable to the producers or their cooperative, there will be no Federal Order. Likewise, a simple majority vote of milk producers or, in practice, a single bloc vote by a cooperative can terminate a Federal Order. If the USDA or its market administrators incur the displeasure of the milk cooperatives, instant unemployment for the bureaucrats may be the result. As economists for the Antitrust Division of the Department of Justice have observed:

> [The USDA is not] an independent body carefully weighing the interests of all parties .... The Federal Orders as they are operated appear to be meant to raise producers' incomes generally. [Eisenstat, et al, p. 124.]

Under competitive conditions (except for seasonal variations in supply), raw milk of like grade and quality will tend to sell for the same price in a market, regardless of its end use. Federal Orders are specifically designed to prevent this by making dairies pay more for raw milk used to process fluid milk than for raw milk used in manufactured milk products.

In the short run, given the relatively inelastic demand for fluid milk, total producer receipts can be increased by raising the price of raw milk for fluid processing above the single market price which would otherwise prevail. When the Federal government artificially creates two prices for milk, the blend price received by producers under the Order will exceed the single market price. Thereafter, to the extent that output is increased by Federal Order producers in response to the higher blend price, the quantity of surplus milk (i.e., milk not needed to meet the demand for fluid milk) competing with unregulated milk in manufacturing markets increases, depressing the price of manufactured milk.

By any measure, the raw milk cartels have thrived. By the end of World War II, there were Federal Milk Marketing Orders in 28 fluid milk markets around the country, covering 34.6 percent of all fluid grade raw milk. Another 23.5 percent came under state regulation. By 1969, 104 fluid markets were federally regulated, accounting for 78.2 percent of all fluid grade milk produced in the country. State regulations covered another 19.1 percent. Today, less than three percent of all fluid grade raw milk is free from governmental price fixing.

SUPER COOPERATIVES

The milk industry generally acknowledges that the USDA has achieved the legislative goals established in the Agricultural Marketing Agreement Act of 1937—it has eliminated "disruptively low milk prices" and provided "long run price and income stability for dairy farmers." In other words, it has eliminated competition and effected monopoly pricing.

One might suppose that the milk producer cooperatives, grown safely to maturity within the structure of the cartels, would be content with this arrangement. Before the middle of the 1960's, cooperatives operating in Federal Order areas were, in fact, generally satisfied with their cartels and treated the USDA price as both the maximum and minimum price for their raw milk.

But times were changing for the cooperatives. Because of the inelastic demand for fluid milk, the Federal Order price was not necessarily an outside limit—with market power more could be charged. As early as 1956, for example, Michigan Milk Producers Association (MMPA) had established a premium over the Federal Order price and successfully maintained this "over-order" (monopoly) premium through 1960.

Maintaining a monopoly premium in a single market, however, was not without its problems—e.g., some dairies sought alternate sources of supply outside the area. Widescale cooperative mergers over multimarket areas could solve the problem of achieving and maintaining monopoly premiums. And between 1967 and 1970, over 170 local cooperatives with 70,000 members merged into four large regional "super cooperatives."

The largest of these is Associated Milk Producers, Inc. (AMPI), which was formed in 1969 by consolidation of 14 Chicago area cooperatives and Milk Producers, Inc. (MPI). AMPI controls over 75 percent of the raw milk supplied to Chicago, Madison, Indianapolis, Houston, Dallas, San Antonio, Memphis, and Oklahoma City. The second largest merger, Mid-American Diarymen, Inc., was formed in 1968 from 31 cooperatives in Iowa, Kansas, Missouri, and Illinois. The third largest merger is Dairymen, Inc., which was originally formed from 8 cooperatives and subsequently acquired 16 others. The last to be formed was Milk, Inc., a consolidation of four cooperatives in the Cleveland, Akron, Toledo, and Pittsburgh market areas.

ELIMINATING COMPETITION

Market stability over a wide area, however, must be preceded by market control and there are several strategies by which cooperatives achieved and maintain monopoly power. These techniques include, not necessarily in order of importance, "price alignment," "full supply" contracts, and the "standby pool." The purpose of each is the same—to eliminate alternate sources of supply.

Price alignment, a euphemism for price fixing, is aimed at eliminating price competition between cooperatives in separate markets. It is utilized by the cooperatives because competitive price differentials among various markets, greater than the transportation costs between them, encourage lower-priced milk to move into higher-priced markets. This incentive can be eliminated if the prices in the various markets are "aligned" so that the differences in price are substantially identical to transportation costs. Once cooperatives in various markets (or a single coopera-

tive covering many markets) succeed in this, dairies lose an important alternate source of supply and monopoly power is correspondingly strengthened.

Full supply contracts require a dairy to buy its entire supply of milk from a single cooperative. Such contracts are often put on a take it or leave it basis. Their ultimate effect is to dry up the market to which independent non-cooperative milk producers can ship, hence economic pressure to join the cooperative grows as the number of full supply contracts in a market increases. As the independents in a market, because of their decreased number, lose viability as an alternate supply source, dairies become increasingly dependent on a cooperative for their milk. Dairies who therefore refuse to enter into full supply contracts or pay monopoly prices can find their milk supply shut off literally overnight.

The *standby pool* is a direct result of the competitive problem posed by the large supply of surplus Grade A raw milk in Minnesota and Wisconsin. Since this milk is unregulated and has no readily available market of fluid milk processors, there is substantial incentive to seek out fluid milk markets which will offer more than the manufactured products price paid in Minnesota and Wisconsin. Such a large alternate supply of unregulated Grade A milk effectively places a ceiling on the monopoly premiums (above the USDA price) which can be charged by the regional super cooperatives.

The standby pool is the answer to this problem. It is a "federated cooperative" whose members include the 4 super cooperatives discussed earlier, as well as 15 others. Each member cooperative in the standby pool pays monthly assessments on all the fluid milk it markets in its regional markets. The money thus generated is used by the standby pool to pay Grade A milk producers in Minnesota and Wisconsin *not* to ship their milk into other regions without standby pool authorization. In other words, these Minnesota and Wisconsin producers:

> Are bribed to refrain from spoiling the markets of [standby pool member] cooperatives which have successfully demanded prices higher than the cost of buying and transporting these "surplus" supplies. [Edith Hall Parker, "Monopoly in the Milk Producing Industry: The 'Super Cooperatives'," *Antitrust Law and Economics Review,* Summer 1970, p. 118.]

This effectively eliminates yet another alternate source of supply for dairies faced with paying monopoly premiums on raw milk. Economist Alden Manchester of the USDA's Marketing Economics Division notes:

> The primary objective of the standby pool is to improve the bargaining position of cooperatives in the participating markets. [*Pricing Milk and Dairy Products: Principles, Practices, and Problems,* (U.S. Government Printing Office, 1971), p. 44.]

BEHIND EVERY CARTEL: GOVERNMENT

While these tactics have arguably enabled the super cooperatives to achieve monopoly or near-monopoly positions, even government economists agree this could not have been accomplished without the underlying Federal Order system itself. In a study for the USDA prepared by Manchester, he concludes that "Federal and State orders provide the institutional framework within which a cooperative can bargain successfully for prices higher than those in the orders." The Justice Department's economists have reached a similar conclusion:

> The passive willingness of the USDA to allow cooperatives to dictate Federal Order provisions must be kept in mind [because] this passivity added additional weapons to the cooperatives' arsenal in attempts to monopolize the supply of milk. [Eisenstat, et al, p. 125.]

This passivity becomes all the more important when it is noted that the USDA has authority under the Capper-Volstead Act to take action against agricultural cooperatives whose monopoly power enables them to "unduly enhance" prices. That authority, on the books for over 50 years, has never been exercised.

Today, less than three percent of all fluid grade raw milk is free from governmental price fixing.

The Antitrust Division of the Justice Department, however, has recently shown no similar reluctance. In 1972, the Division recommended bringing criminal antitrust charges against AMPI. Attorney General John Mitchell intervened and, in an unusual step, refused to authorize a criminal case and directed the Division to file a civil case instead. After Mitchell resigned, the Division brought actions against the Mid-American Dairymen and Dairymen super cooperatives also. Private actions have flourished as well. In total, there have been over 20 different antitrust actions, public and private, filed against the 4 super cooperatives discussed previously. As of this writing, several cases have been settled, and the Justice Department and AMPI have entered into a consent decree which has been approved by U.S. District Judge John W. Oliver in Missouri, to whom virtually all of the private cases (the Midwest Milk Monopolization Cases) have been transferred for coordinated pretrial proceedings.

The consent decree with AMPI leaves its market

power unchanged and intact, although it does prohibit AMPI from engaging in a variety of predatory and anticompetitive practices which the government alleged was responsible for AMPI achieving and maintaining its various monopoly positions. Critics of the consent decree argue that AMPI should have been dissolved or forced to divest itself of the many processing plants and smaller cooperatives acquired during the years of its growth. The government and its economists respond that such action is not needed to restore competition, that competitive market forces will gradually restructure AMPI once it refrains from engaging in the prohibited activities.

REFORMING THE SYSTEM

The prospects for restoring competition in the milk industry are not encouraging. Monopoly power has flourished throughout the raw milk industry chiefly because the USDA has both permitted and encouraged the acquisition and maintenance of such power. This is not surprising, for the government is usually the source of monopoly power, either directly or indirectly.

Effective reform, therefore, will not come from within the executive branch—witness the Secretary of Agriculture's failure for over 50 years to issue cease and desist orders to any cooperative which "monopolizes or restrains trade . . . to such an extent that the price of an agricultural product is unduly enhanced."

Stricter antitrust enforcement by other departments of the executive branch will at best solve only part of the problem. Even if the present monopoly of milk producer cooperatives is eliminated, the most that will result is a return to the Federal Order price as both the minimum and maximum price of raw milk, as opposed to the legal minimum which it is today. This may be an improvement over the present situation but, as studies show, the present high level of Federal Order prices has consistently produced an excess supply of milk.

Ideally, of course, all government controls on milk prices—both Federal and state—should be eliminated. This is feasible at the state level—witness the 18 states (out of 31) which have seen the wisdom of getting out of the milk business. Such a solution at the Federal level, however, is far too radical to succeed. The USDA has a huge bureaucracy imbued with the bureaucrats' instinct for survival. And, lest you forget, the milk producer cooperatives still control "the largest hoard of unspent political cash in the nation."

Nevertheless, there is a modest step which Congress can take immediately to restore a semblance of competition in the raw milk industry and effectively subject some milk cartels to the discipline of the market: amend the Agricultural Marketing Agreement Act to require the dissolution of all Federal Orders which provide a monopoly premium above the USDA minimum price (Bartlett, "Bringing Federal Order . . .," pp. 10-11).

This reform has a number of advantages:

(1) The amendment would not go so far as to abolish the Federal Order system—10 of the 25 largest Federal Orders had no monopoly premiums in 1972.

(2) There is a certain rough justice in saying, in effect, to the super cooperatives: "Look, you've got a nice cozy government cartel which shelters you from competition—if you want to keep it, abide by its rules and accept its prices or else take your chances in a free unregulated market."

(3) If some of the super cooperatives chose to keep their cartels and end monopoly premiums, at least the price of milk would be reduced to the USDA minimums.

(4) On the other hand, there should be cooperatives willing to take their chance in the market by leaving the cartels. After all, three of these cooperatives are among the *Fortune* 500 largest industrial corporations. If this occurs, market forces should ensure a steady supply of fresh milk at prices lower than those presently prevailing.

(5) The existence and success of free markets for raw milk in areas formerly regulated by USDA could well have a demonstration effect and provide Congress with proof that competition works. This, in turn, might provide the impetus necessary to eliminate all Federal milk price regulation.

Lower milk prices resulting from competition will not necessarily reduce milk producer income. Presently available economic evidence indicates that the super cooperatives are spending an inordinate amount of money to maintain their monopoly positions, money which would otherwise be passed on to their producer members. As the Justice Department economists observed with respect to AMPI:

> On net AMPI failed to raise producer income and in fact its producers on average appear to have suffered from the monopoly rather than being the recipients of monopoly gains . . . . To attain a consumer overcharge of $20,000,000 a monopolist may be willing to use $19,000,000 of resources. When this happens, the consumer overcharge is no longer simply a transfer away from consumers which benefits producers . . . . In the case of the AMPI monopoly, AMPI apparently underestimated the costs of monopolizing milk markets. Their consumer overcharges appear to have in fact not been simple transfers from consumers to producers but rather [dead weight losses] to society as a whole. [Eisenstat, et al, pp. 609, 617, 618.]

Simply stated, if competition is restored by Congress, even to the limited extent suggested here, the operation of free markets should benefit consumers, dairies, and milk producers alike. It might even reduce the general level of political corruption. ◻

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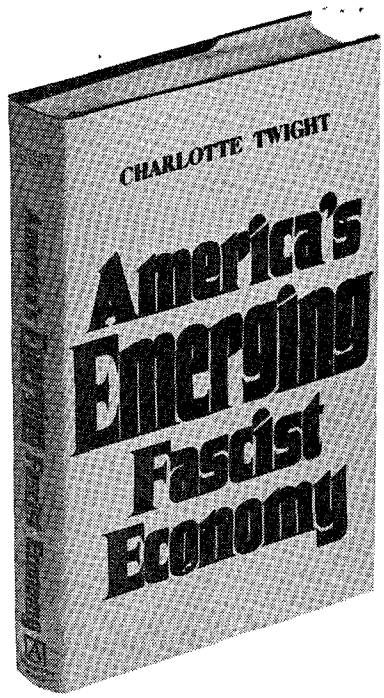
Is America turning fascist?

Is the United States turning fascist? Most Americans are angered by the charge, which in recent years has issued from leftist revolutionaries screaming "Fascist Amerika" at everyone who disagrees with them.

The irony, says this brilliant young writer, is that America *is* developing into a fascist state; but it is these same leftists who are pointing the way.

Realizing that this is a subject usually approached with more emotion than reason, Charlotte Twight first defines fascism. She describes its typical policies on inflation, wage and price controls, government licensing, cartels, production decrees, quantity and quality controls, labor, imports and exports, and national self-sufficiency. She then shows how similar policies are emerging in the United States, citing specific laws by which the government asserts economic powers parallel to fascist models.

Dr. Twight acknowledges that fascism differs from socialism and communism in that it relies, at least nominally, on capitalism. But it is a capitalism with more than a dash of collectivism, a capitalism far removed from traditional American private enterprise. This "capitalism" fast becomes a tool in the hands of the politicians and bureaucrats.



The fruits of fascism, says Dr. Twight, are a drastically reduced standard of living, increased potential for war (the inevitable results of fascism's international economic policies), and, above all, a psychology of individual dependence upon government in all realms of life. She warns that "Government licensing, government contracts, wage and price controls, manipulation of the money supply, rationing—all of these are overt mechanisms creating actual, tangible economic dependence. A more subtle consequence of fascism is to make people psychologically dependent on the government for their economic well-being. As a fascist government increasingly usurps the functions of private enterprise in providing such daily necessities of its citizens as health care, food, housing, energy, and insurance, the individual becomes acutely aware that his survival is dependent upon governmental decisions that he as an individual cannot significantly influence."

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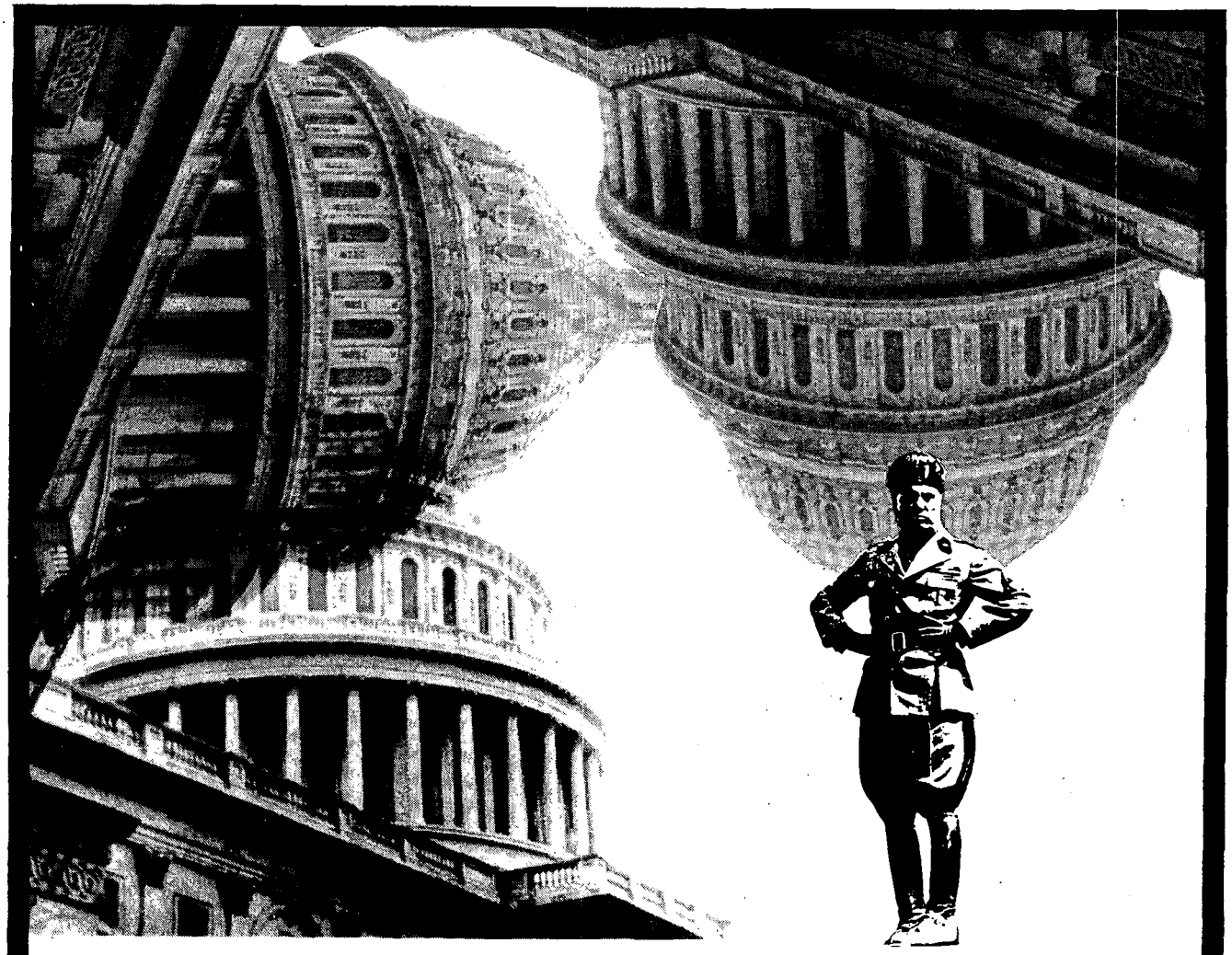

CONGRESS MOVES TOWARD FASCISM

CHARLOTTE TWIGHT

For years it has been explicit in the laws as well as the pronouncements of Federal officials that the U.S. government's goal is the central one of a fascist economy: to manipulate a nominally capitalist economy to accomplish the government's will. This approach dominates the Federal government's omnipresent statutory controls over American finance, commerce, industry, agriculture, and transportation.

A marked acceleration of America's fascist economic policies began during 1973 and 1974 with the passage of legislation that portends increasingly overt subordination of citizens' voluntary choices to the government's will. Vastly expanding the scope of Federal economic surveillance, newly enacted legislation explicitly asserts the government's power to monitor the entire production process and to issue reports specifying the "proper" supply and price of any commodity. Recent legislation also reveals unprecedented government aggressiveness in seizing an active role in the management and operation of traditionally private businesses. This article examines the laws that create this newly swollen governmental

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authority to formulate the economic ends toward which "private enterprise" is envisioned as the means.

GOVERNMENT AS MARKET SURROGATE

The Supplies and Shortages Act of 1974 is a short, unnervingly comprehensive statute that authorizes the government to monitor and report on the production, employment, and business practices of *any* American industry. A new Federal agency, the National Commission on Supplies and Shortages, was created to perform this function.

Deft use of the scareword "shortage" provided a transparent pretext for Congress' unparalleled assertion of government power to oversee the economy. Insinuations of economic crisis permeate the congressional "findings" that preface the law:

> Shortages of resources and commodities are becoming increasingly frequent in the United States, and such shortages cause undue inconvenience and expense to consumers . . . .
>
> Existing institutions do not adequately identify and anticipate such shortages and do not adequately monitor, study, and analyze other market adversities involving specific industries and specific sectors of the economy.

Behind this self-serving rhetoric, the lawmakers' wish for centralized power to identify "shortages" represents an ill-concealed desire to substitute government decrees concerning price or output levels for those signalled by consumers' voluntary actions in a free market.

Counting on scare tactics to disarm rational opposition and to convince the skeptical that shortages of nonrenewable natural resources are the exclusive object of the government's attention, Congress produced additional "findings":

> (1) The United States is increasingly dependent on the importation from foreign nations of certain natural resources vital to commerce and the national defense.
>
> (2) Nations that export such resources can alone or in association with other nations arbitrarily raise the prices of such resources to levels which are unreasonable and disruptive of domestic and foreign economies.

Then, in the passage previously quoted, the public is informed of the "shortages" that allegedly plague America, instructed that existing institutions do not adequately anticipate such shortages, and told that existing government data collection on these matters is too diffuse for current congressional tastes—"not systematically coordinated and disseminated."

Such is the initial rhetoric of the statute. Upon rereading it, one becomes disturbingly aware that even in these opening passages the statute subtly shifts from voicing dismay at shortages of foreign-supplied natural resources to decrying shortages of resources *and commodities.* Similarly, the statute augments its stated concern about anticipating shortages with wistful longing for government power to "monitor, study, and analyze *other market adversities* involving specific industries and specific sectors of the economy." (Emphasis added in all citations.) Thus at the outset the law clearly hints that the government's interests include not only nonrenewable natural resources but also all "commodities" that attract its attention, not only "shortages" but also any "other market adversities" it wants to scrutinize, and not only mere anticipation of shortages but also efforts to "monitor, study, and analyze" any economic phenomenon that displeases government officials.

The accuracy of these early hints is fully verified by the remainder of the statute. The Commission is authorized to investigate not only shortages of natural resources but also business practices and pricing policies pertaining to virtually any commodity, specifically including manufactured products. Giving the Commission unlimited power to scrutinize private economic activity, the statute empowers it to report on:

> (1) the existence or possibility of any long- or short-term *shortages; employment, price or business practices; or market adversities* affecting the supply of any natural resources, raw agriculture [sic] commodities, materials, *manufactured products . . .;*
>
> (2) the adverse impact or possible adverse impact of such shortages, practices, or adversities upon consumers . . . .

Thus the government assumes the role, so far only through reports, of functioning as a surrogate market, interjecting its judgments concerning the type, quantity, and price of economic output most beneficial to citizens, whose voluntary choices Federal officials would supersede.

SENATORIAL FINAGLING

A most interesting feature of the Supplies and Shortages Act is the technique used to secure its passage. Although it authorizes government perusal of private economic activity on a scale unparalleled in U.S. history, this law was quietly slipped through as part of the Defense Production Act Amendments of 1974, which amended the Defense Production Act of 1950. It is particularly odd that such a radical alteration of the government's economic function was incorporated into a defense law, both because the subject matter of the two statutes is so incongruous, and because the supplies-and-shortages legislation originally passed by the Senate was in no way associated with the Defense Act Amendments.

The *Congressional Record* reveals the political maneuvering that led to this strange legislative amalgamation. Senators Mansfield, Scott, Byrd, Griffin,

Brock, and Javits, the original sponsors of the Supplies and Shortages Act passed by the Senate, initially were thwarted when the House of Representatives refused to act on the Senate-approved bill. Undaunted, the frustrated Senators sought more circumspect means of working their will on the American people. Taking the initiative, Mansfield tacked the entire text of the original Senate bill onto the Defense Production Act Amendments passed by the House, facetiously remarking that this would "facilitate the consideration and disposal of this issue by the other body." Mansfield then underscored the basic thrust of the Act by entering into the *Congressional Record* an interview in which economist Wassily Leontief explicitly advocated national economic planning. After a supportive speech by Senator Magnuson, Mansfield was congratulated by Senator Hugh Scott for the devious technique used to circumvent House opposition to the Supplies and Shortages Act. The House, desirous of implementing the Defense Production Act Amendments, subsequently acquiesced to the Senate version that contained Mansfield's prized Supplies and Shortages Act.

Perhaps the most ominous aspect of the Supplies and Shortages Act is a provision authorizing the Commission to report on "the advisability of establishing an independent agency to provide for a *comprehensive data collection and storage system,* to aid in examination and analysis of the supplies and shortages in the economy of the United States and in relation to the rest of the world." This superficially innocuous proposal, if implemented, would provide precisely the comprehensive economic data collection system that is the *sine qua non* of all advanced collectivist economies, be they fascist, socialist, or communist. Only by compelling detailed disclosure of people's economic activities can a collectivist system achieve the control it desires. Actual establishment of such a centralized economic data collection agency should serve as a bellwether heralding far broader government efforts to dictate the constraints within which the "private sector" is forced to operate than America has yet known.

Newly enacted legislation explicitly asserts the government's power to monitor the entire production process.

Although the Supplies and Shortages Act enables Federal officials to assimilate economic information on a scale that facilitates detailed government manipulation of people's economic activities, the government as yet lacks comprehensive power to enforce its economic preferences. Certain legislators are moving toward that final step in the eradication of economic freedom, however. Senators Humphrey and Javits, under the tutelage of economist Wassily Leontief, have introduced legislation proposing a national Economic Planning Board that would empower Federal officials to issue "guidelines" to redirect the uncoerced choices of private individuals in all economic spheres. Economic plans—specifying, for example, the amount of wheat, automobiles, houses, paper, and other products the nation "should" consume during a specified time—would be given an aura of statutory authority through periodic approval by Congress. It is a tribute to lawmakers' mastery of the fascist art of controlling the private economy, while suppressing telltale evidence of coercion, that these production "guidelines" would be nominally voluntary, though their enforcement would be assured by indirect forms of government coercion.

TAKEOVER OF THE ENERGY INDUSTRY

While government-preferred output and price patterns identified under the Supplies and Shortages Act as yet remain devoid of direct coercive enforcement power, the government's now unlimited authority to control energy production and distribution is backed by a full arsenal of legal sanctions and financial inducements. The three primary statutes that created this plenary authority are the Federal Energy Administration Act of 1974, the Federal Nonnuclear Energy Research and Development Act of 1974, and the Emergency Petroleum Allocation Act of 1973 (now augmented by the Energy Policy and Conservation Act of 1975).

Amidst typical fascist rhetoric lauding competition, free enterprise, and cooperation among large interest groups, the Federal Energy Administration Act gives the government sweeping powers to control the supply, price, distribution, and use of energy. As in the Supplies and Shortages Act, here too the battle cry used to justify burgeoning Federal power is "scarcity," with Congress voicing its commitment to "positive and effective action to conserve scarce energy supplies." Yet, despite the colorful language, it is apparent that the cry of scarcity is a response more to politically contrived high prices and supply restrictions—largely provoked by U.S. intervention in foreign nations—than to absolute resource limitations.

Without addressing the source of the scarcity, Congress minces no words in stating its intent that government officials dictate to whom and at what price energy will be available—in Congress' more appealing phraseology, "to insure fair and efficient distribution of, and the maintenance of fair and reasonable consumer prices for, such [energy] supplies." To ensure that these fine-sounding abstractions are translated into tangible government decrees, the Federal Energy Administration (FEA), created by the Act, is authorized to fix prices and wages in energy industries and to allocate petroleum products.

The predominant collectivist view of energy production is everywhere apparent in the Federal Energy

Administration Act. The FEA is instructed to prepare and maintain a *"comprehensive plan* to alleviate the energy shortage," while advising the President and Congress on the formulation of a *"comprehensive national energy policy."* Congress repeatedly proclaims the government's right "to assure that adequate provision is made to meet the energy needs of the Nation," clearly implying that satisfaction of the central government rather than satisfaction of consumers is the proper goal of energy producers. Making explicit the fact that the *"nation's* needs" are something very different from the wishes of the people who compose the nation, and that to exalt this collective need is often to subjugate the individuals who compose the collective, the Act further instructs the FEA to "assure that energy programs are designed and implemented in a fair and efficient manner so as *to minimize hardship and inequity while assuring that the priority needs of the Nation are met."*

"PROMOTING" FREE ENTERPRISE

The Federal Energy Administration Act illuminates the extent to which Congress envisions the government as superior to uncoerced market forces and the economic choices of free individuals. Insofar as such powers are assigned to the FEA by statute or by the President, the agency is authorized to "assess the *adequacy of energy resources to meet demands,"* to "develop plans and programs for dealing with energy production *shortages,"* to "promote *stability in energy prices,"* and to "prevent *unreasonable profits"* within the energy industry. True to the facile self-contradictions of fascist economic jargon, such government activity—which amounts to absolute government control over the supply and price of energy—is to be carried out in a manner that promotes "free enterprise" and "free and open competition."

In addition to its authority to manipulate the supply and fix the price of energy, the FEA is empowered, where so ordered by Congress or the President, to conduct programs to control the *"distribution, rationing, and allocation* of all forms of energy." Finally, the Act empowers the FEA to develop *mandatory* energy conservation programs as it sees fit.

But all this power would be unwieldy for government overseers directing America's energy production without corollary power to compel disclosure of private economic information. Predictably, statutory authority to extract such data accompanies Federal power to dominate the industry, allowing government perusal of the private records of energy *consumers* as well as of producers:

> All persons owning or operating facilities or business premises who are engaged in any phase of energy *supply* or major energy *consumption shall make available to the Administrator such information* and periodic reports, records, documents, and other data . . . *as the Administrator may prescribe . . . .*

Such are the general powers over existing energy production technology that are vested in the FEA. But the government's control over petroleum products is both more extensive and more concrete than the Federal Energy Administration Act suggests.

The Emergency Petroleum Allocation Act of 1973 was the vehicle Congress used to extend and particularize government power over petroleum-related industries. The emotional pitch of the law's introductory rhetoric was an apt indicator of the severity of the measures that followed. Before enunciating the government's new powers, Congress carefully denounced *shortages* of oil and petroleum products, bewailed the "severe economic dislocations and hardships" allegedly caused by such shortages, and announced the existence of "a national energy crisis." This fearful state of affairs prompted Congress to assert, totally without supporting evidence, that this "crisis" is a "threat" that "can be averted or minimized most efficiently and effectively through *prompt action by the Executive branch of Government."*

Deft use of the scareword "shortage" provided a transparent pretext for Congress' unparalleled assertion of government power.

Relying on the emotional fervor thus raised to eliminate opposition to its program, Congress proceeded to accord unconstrained power to the President to divvy up America's crude oil, residual fuel oil, and refined petroleum products. Also given power to fix the prices of these commodities, the President was required to "promulgate a regulation providing for the *mandatory allocation* of crude oil, residual fuel oil, and each refined petroleum product, in *amounts* specified in . . . and at *prices* specified in . . . such regulation." The President not only was accorded power to dictate which users could acquire petroleum products, how much each might purchase, and the prices purchasers must pay; he also could forcibly prevent owners of domestically produced or refined petroleum products from exporting them.

The government's interests include not only nonrenewable natural resources but also all "commodities" that attract its attention.

CONTROL: NOT WHETHER, BUT HOW

To tailor these broad powers to current political perceptions of how best to manipulate the supply and price of petroleum, Congress recently enacted the Energy Policy and Conservation Act, signed into law by President Ford on Dec. 22, 1975. The new law maintains controls over petroleum production and distribution as sweeping as those contained in the original Emergency Petroleum Allocation Act. Passed by votes of 58-40 in the Senate and 236-160 in the House, the new law continues mandatory oil price controls, expands the President's authority to allocate energy supplies and to dictate domestic oil and gas production levels, preserves his unlimited authority to bar energy exports, and paves the way for the government to become the *sole and exclusive importer* of foreign oil. Moreover, the statute gives the President standby authority to impose gasoline rationing, creates broad government power to audit persons compelled to disclose energy-related information, and imposes a variety of oil "conservation" measures. Through this law, Congress has again decreed which form of government regulation of petroleum producers and consumers is, temporarily, "best" for the citizens whose market preferences lawmakers so universally disparage.

Congress clearly implies that satisfaction of the central government rather than satisfaction of consumers is the proper goal of energy producers.

Despite the pervasiveness of government power over energy supply, price, and distribution achieved by the foregoing statutes, this power pales in comparison with the new Federal controls authorized by the Federal Nonnuclear Energy Research and Development Act of 1974 (the "Nonnuclear Energy Act"). With this statute, the Federal government seized political control of the development of nonnuclear energy technology, effectively preventing economic considerations from directing the optimal form of future energy production.

To implement its provisions, this Act uses a Federal agency called the Energy Research and Development Administration (ERDA), created by the Energy Reorganization Act of 1974. Although ERDA also manages nuclear energy, a function previously performed by the Atomic Energy Commission, it is its broadened power over nonnuclear energy industries that represents a significant expansion of government power and hence is the focal point of this discussion.

Groping for "findings" to justify its actions, Congress introduces the Nonnuclear Energy Act with standard denunciations of the "energy shortage" that allegedly prevails. Embracing at the outset the fascist economic theme that permeates the Act, Congress states its desire, however massive the Federal controls that follow, to take "full advantage ... of the existing technical and managerial expertise in the various energy fields within Federal agencies and *particularly in the private sector.*"

ERDA's primary function under the Nonnuclear Energy Act is to "formulate and carry out a comprehensive Federal nonnuclear energy research, development, and demonstration program." The Act empowers the government to design, construct, and even operate energy production facilities in order "to demonstrate the technical and economic feasibility of utilizing various forms of nonnuclear energy." All forms of nonnuclear energy are included within ERDA's jurisdiction.

To implement this authority, the agency is given unrestricted power to subsidize energy research, development, and demonstration programs. Loaded with tax- or inflation-generated dollars, the government has authority not only to finance the research and development it favors, but also to provide price supports for the output of pet demonstration projects whose "economic feasibility" the government is determined to prove. Thus Federal officials henceforth will determine the specific types of nonnuclear energy production to be developed, for private businesses will be both unwilling and financially unable to compete with massively subsidized government-sponsored projects.

DISGUISED NATIONALIZATION

However extensive, the Federal intervention under the Nonnuclear Energy Act so far described at least has the dubious virtue of being relatively overt. The quite unprecedented and much more disturbing form of Federal intervention into the production of nonnuclear energy is a distinctively fascist economic creation that enables the government to maintain a facade of private enterprise while securing absolute power to control "private" business activity. The Act authorizes ERDA to create, upon obtaining congressional approval, *"joint Federal-industry* experimental, demonstration, or *commercial corporations"* to produce nonnuclear energy. Each such joint government-industry corporation is to be controlled by a board of directors composed of political appointees selected by the President.

The statute's efforts to perpetrate the illusion of preserving private enterprise do not end with the establishment of political control over these "mixed" corporations. The real coup, the provision that guarantees the ultimate elimination of all truly private nonnuclear energy production, is yet to come. The reader first is informed that the government's "participation" in any joint corporation must terminate within 12 years of the corporation's creation. When government participation allegedly ceases, the corporation is officially dissolved, and the board of

directors is required to dispose of the corporation's physical facilities as it sees fit. Lulled by this explicit promise of Federal withdrawal, the casual reader's attention is diverted from subsequent statutory provisions that transform this professed government withdrawal into exactly the opposite of what it purports to be.

Although the destruction of the joint corporation suggests a phasing out of government control, the procedure is but a carefully concocted charade. In fact, the dissolution signals a net gain in Federal control over nonnuclear energy production, for when the joint corporation is terminated, ERDA *takes over ownership of all patent rights held by the joint corporation on the date of its dissolution.* Not content with Federal seizure of the fruits of government-industry corporations, Congress also authorized the government to take patent rights in every invention whose creation is in any way supported by Federal funds. As a result of these patent seizures, any "private" business that subsequently desires to use the technology is reduced to the status of a government licensee, utterly dependent on government patent licenses for its economic viability.

The legal authority to license users of government-held patents will provide a potent technique for maintaining political control over future nonnuclear energy production. With full statutory power to decide who will be allowed to use the patented technology and to restrict its licenses by any conditions it wishes to impose, the government will hold an effective political/economic lever over "independent" energy producers.

Thus, in combination with its subsidy provisions, the patent policy of the Nonnuclear Energy Act portends gradual but ultimately total government usurpation of the technology by which nonnuclear energy is produced. Nonnuclear energy industries will remain privately operated, but the government will possess absolute power to manipulate and control the industries' activities. It is a tribute to the legislative finesse of modern advocates of fascist economics that the Nonnuclear Energy Act enables this total transformation to occur so discreetly that the average citizen is not even made aware of the process.

OPEN-ENDED "CRISIS" LAWS

Finally, as if to dispel any lingering illusions concerning the government's willingness to eliminate private economic decisionmaking entirely if unable to bribe or otherwise manipulate producers into compliance with its wishes, the statute explicitly authorizes the government to *ration* any product allegedly "essential" to the production of nonnuclear energy. Using the predictable rhetoric of crisis while granting powers susceptible of implementation with or without a crisis, the Act provides:

> The President may . . . require the allocation of . . . supplies of materials and equipment if he finds that—
>
> (1) such supplies are *scarce, critical, and essential* to carry out the purposes of this Act; and
>
> (2) such supplies cannot reasonably be obtained without exercising the authority granted by this section.

While it typifies the economics of fascism, this overt readiness to intervene in market operations when indirect attempts to manipulate the "private sector" fail represents a quantum jump in the level of economic activism the U.S. government is willing to acknowledge openly.

Unfortunately, responsibility for the curtailment of economic freedom represented by these laws does not rest with a small group of activists. While certain prominent individuals such as Senator Jackson have been particularly instrumental in sponsoring the energy takeover legislation, the most striking political fact concerning these new laws is the near unanimity with which Congress has endorsed them. The vote on the Nonnuclear Energy Act was typical. The House of Representatives approved that statute by an overwhelming majority of 378-5, while only *one* Senator (Senator Long) opposed the Act when the Senate vote was tallied (91-1). Similarly, the Senate vote approving the Emergency Petroleum Allocation Act was 83-3, and House passage was 348-46. Only *nine* Representatives voted against the Federal Energy Administration Act (356-9), while the Senate vote approving the bill whose language later was incorporated into the final Act was 86-2. The largest opposition ever registered to the energy takeover laws was the previously discussed vote on the Energy Policy and Conservation Act of 1975. This widespread congressional support for laws authorizing government control over energy production attests to the massive educational effort that must precede any redirection of America's current collectivist predilections.

MOVING IN ON THE RAILROADS

The energy industries are not alone in having been earmarked for government takeover. In 1970 Con-

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gress, through the Rail Passenger Service Act, authorized Federal takeover of passenger train service. More recently, dissatisfied with increasing railroad bankruptcies and unwilling to relinquish the Interstate Commerce Commission regulatory power largely responsible for the railroads' problems, Congress passed the Regional Rail Reorganization Act of 1973 to enable the government to dictate which railroads were to survive and to pump taxpayers' dollars into those railroads to make their survival possible. Through this statute, the core of another major American industry has fallen victim to the government's recent hair trigger willingness to usurp the functions of the market.

Apart from providing financial support for railroad workers whose jobs are destroyed by the government's activities, the Rail Reorganization Act performs three basic functions: (1) it empowers the government to take over all bankrupt railroads in the Midwest and the Northeast, picking and choosing which railroads will be preserved and which scrapped; (2) it establishes a government-controlled "corporation" called the Consolidated Rail Corporation to operate the railroads selected for preservation; and (3) it creates permanent conduits through which government tax- or inflation-generated money can be funneled into any bankrupt railroad in the Midwest or Northeast that the government feels like preserving.

All this power would be unwieldy for government overseers without corollary power to compel disclosure of private economic information.

Beyond these specific functions, the act explicitly substitutes the judgments of Federal officials for the judgments of the public expressed through private economic decisionmaking. Through the Rail Reorganization Act, the government asserts the right and seizes the power to impose on an impotent citizenry that combination of rail services which government bureaucrats deem "adequate" to fulfill the public's "needs."

Displaying a remarkably low estimate of the average citizen's mentality, Congress finds self-serving, undocumented assertions—that the railroad service it will force taxpayers to subsidize is "essential," that this railroad service is "threatened," and that both the "national interest" and "public convenience and necessity" require government-sponsored maintenance of "adequate and efficient rail service"—sufficient pretext to give it a blank check to "reorganize" the railroads as it pleases. Without pausing to prove or justify this heady rhetoric, Congress swiftly reaches its foregone conclusion: *"These needs cannot be met without substantial action by the Federal Government."*

If this highly transferable statutory formula is an acceptable justification for government takeover of an industry, any economic activity is vulnerable to similarly massive government control, provided only that the political climate is right. If the political climate would tolerate government takeover ("reorganization") of the clothing industry, for example, a statutory preamble modeled after the rail Reorganization Act would "justify" that move as well as it justifies government takeover of the midwestern and the northeastern railroads. It only remains for Congress to assert that it desires economic takeover ("substantial action by the Federal Government") and for the people to accept it.

IMPLEMENTING THE TAKEOVER

The tool Congress created to make the initial determination of which bankrupt railroads to preserve is a nonprofit government corporation called the U.S. Railway Association. The first task of the Association was to prepare the "final system plan," the government's blueprint for restructuring the region's railroads. This plan designated which railroads were to be subsidized, which sold to profitable railroads, and which used for other "public" purposes. Meticulously following the fascist pattern, the Act claimed that this overt government economic intervention should strive for "the retention and promotion of *competition* in the provision of rail and other transportation services . . . ."

The legal authority to license users of government-held patents will provide a potent technique for maintaining political control.

The other primary function of the U.S. Railway Association is to spend "government" money. The Act authorizes the Association to issue and have outstanding up to $1.5 billion in government debt at any one time. Two-thirds of this expenditure ($1 billion) may be channeled to the Consolidated Rail Corporation for the operation of bankrupt railroads, and half of this ($500 million) is earmarked solely for railroad modernization and rehabilitation. Exhibiting the exquisite subterfuge of much modern legislation, the statute *specifically exempts the Association's expenditures from the government's published budget (and debt limitations)* and hence from public scrutiny. This overt effort to conceal a major subsidy makes it increasingly difficult to sustain faith in the benevolent intent of supporters of such legislation.

Once the favored bankrupt railroads are bought and paid for by the U.S. Railway Association, they

are turned over to the Consolidated Rail Corporation ("ConRail"), whose function is to operate the railroads preserved under the "final system plan" and to "improve" the railroad properties it holds. Although the statute insists that ConRail is a "for-profit" corporation that is *not* an instrumentality of the Federal government, it is not likely to be either profitable or independent of government control. The prognosis is for ever-greater Federal subsidies to the bankrupt railroads, and as long as more than half of ConRail's debts remain owed to or guaranteed by the U.S. government, at least 7 (and potentially 8) of the Corporation's 15-member board of directors must be Presidential appointees. Such is the prevailing notion of "for-profit" nongovernmental economic activity. It is, however, comforting to note that, like the U.S. Railway Association, ConRail will see to it that "adequate and efficient rail services" are maintained.

In addition to the enormous sums expended through the Railway Association, the Rail Reorganization Act authorizes a broad program of subsidies to be administered by the Secretary of Transportation. The Act authorizes loans as well as direct grants (appealingly called "rail service continuation subsidies") to states or to local or regional transportation authorities. These subsidies are *not* limited to railroads preserved under the final system plan, but also may be channeled into certain state-supported railroads and railroads whose abandonment is authorized by the ICC. All the incentives established by the Act thus encourage the preservation of local rail service that, while appealing to a few direct beneficiaries, is economically inefficient and extremely costly to taxpayers forced to finance the venture.

Thus it is that the government has taken over the bankrupt railroads of the Northeast and Midwest, compelling taxpayers to finance economic activity that paternalistic government officials deem "essential." Still maintaining characteristic fascist deference to the private enterprise it now controls, the government in the Regional Rail Reorganization Act again reveals its current unprecedented willingness to intervene actively when frustrated in indirect efforts to manipulate the economy.

All of this recent legislation represents attempts by lawmakers in a fascist economic system to tie up loose ends, consolidating existing economic power and acquiring authority previously beyond the government's reach. It is mute testimony to the inadequacy of public knowledge of congressional machinations and their economic consequences that these latest legislative intrusions have not provoked massive resistance to the government's increasingly cavalier disregard for citizens' economic freedom, civil liberty, and material well-being. ◻

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In attacking the safest form of electrical power generation, the anti-nuclear crusaders love to make 10-second assertions that it takes half-hour lectures to counter. As often as not, these assertions are false.
But the following assertions are not false:

Ralph Nader is radioactive

The annual dose he gets from his own blood is more than 100 times higher than the average US resident gets from all the nuclear power plants in the country.

The probability of contracting cancer from exposure to Ralph Nader's radioactive body is not zero.

At least one of the radioactive ingredients in Ralph Nader's blood has a halflife of more than one **billion** years and will pose a hazard to countless future generations.

Petr Beckmann
Professor of Electrical Engineering
University of Colorado

I am also (unconnected with the University) editor and publisher of **Access to Energy**, a pro-science, pro-technology, pro-free enterprise monthly newsletter. Unlike Ralph Nader, I dislike telling halftruths, and if you will subscribe to my newsletter for one year (12 issues for $6), I will send you the **whole** truth behind the assertions above.

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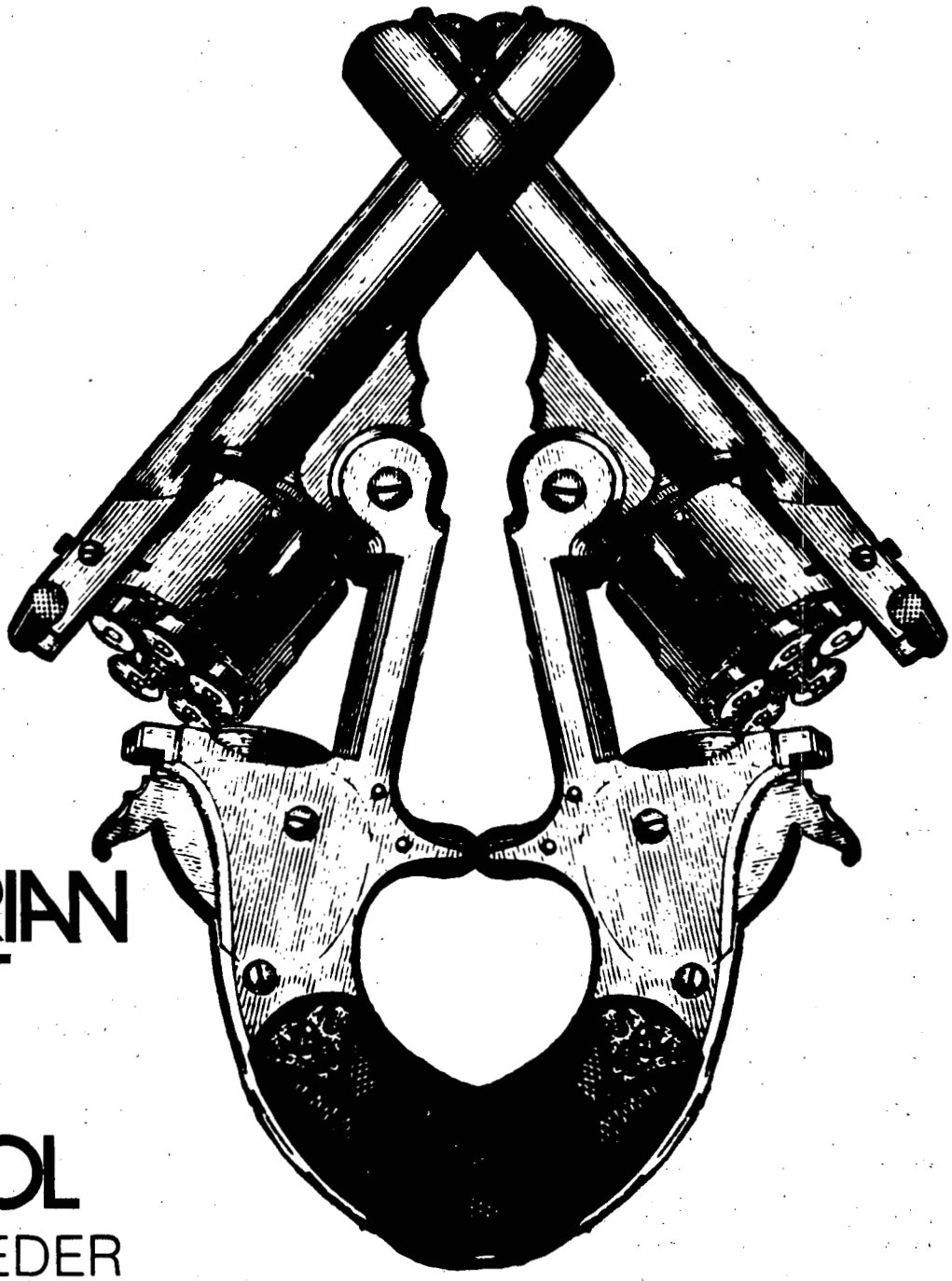

A LIBERTARIAN LOOK AT GUN CONTROL

DONALD FEDER

On November 20, 1971, WNAC-TV (Channel 7, Boston) broadcast an editorial calling for tough gun control. Commenting on the fact that two Bostonians had been shot and killed the previous week, the station decried "easy access" to firearms in the Bay State. The editorialist ominously quoted Superior Court Judge Allen Hale's statement that, "You can get an anti-tank gun just by signing a receipt." This editorial was rebroadcast no fewer than 27 times the following week.

Regrettably, neither Judge Hale nor WNAC set forth statistics on the number of murders committed with anti-tank guns, the number of robberies perpetrated with flame-throwers, or the number of women raped at bazooka point.

I mention the above as an example of the hysterical gun control propaganda with which we are

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daily bombarded. Gun prohibitionists picture America as a nation teeming with sadists, paranoids, and gangsters, armed to the teeth and lusting for blood.

Gun ownership is blamed for political assassinations, radical terrorism, and the spiraling crime rate. Gun control is the liberal panacea for ending violence in America. This view is entirely consistent with their philosophy, for in the liberal universe humans are automatons—robots whose buttons are pushed by those twin programmers, heredity and environment. Persons don't make the decision to commit murder. It is the presence of guns which creates the "violent atmosphere" in which murder somehow just happens. Ergo, remove the guns, and there will be no more killings. It's almost as if the liberals, who have long denied human free will, are now postulating that it is these inanimate objects, guns, which are the cognizant beings.

For years I've been writing and speaking against gun control. Yet I'm neither a hunter nor a gun collector. I don't view guns as objects of entertainment or as adult toys.

My opposition to gun control stems from a basic libertarian view of man and society. I oppose gun control for the same reason that I oppose censorship, antimarijuana legislation, or any other victimless crime laws. Government should protect individuals from the initiation of force. Otherwise, what a person does with his life and property is no concern of the State. Neither individual freedom nor individual responsibility is compatible with laws which seek to protect people from themselves.

Gun control, however, is far more dangerous than other forms of prohibition. It is a direct, and rather substantial, assault on the right to life itself. For in our violent society guns have become an increasingly necessary instrument of survival, just as they were in frontier days. Gun control, which seeks to ultimately ban these survival tools, will leave the peaceable individual totally vulnerable to the criminal element.

WHAT GUN CONTROL DOESN'T

Before considering the survival aspect of gun ownership, let us examine the efficacy of controls in the light of their stated purpose, the prevention of crime. The twin objectives of gun control, as set forth by its proponents, are to keep guns out of the hands of criminals and to prevent crimes of passion. It accomplishes neither.

The late J. Edgar Hoover once stated: "Hoodlums and criminal gangs will obtain weapons regardless of controls" (FBI Enforcement Bulletin, June 1963). The former director of the FBI was well aware of the fact that most criminals don't apply for a gun license and then purchase a pistol at the neighborhood sporting goods store. It's far more likely that the gun a robber carries has been stolen, acquired on the black market, illegally manufactured, or smuggled from abroad.

Machine guns and other automatic weapons have been banned since the 1930's. Yet the Black Panthers, the Symbionese Liberation Army, and other terrorist groups seem to have no difficulty whatsoever in obtaining these awesome weapons. If the strict legislation in this area can't keep machine guns out of terrorist hands, how can the State hope to regulate something as mundane as a rifle or pistol?

Roughly 10 percent of the gun crimes committed in New York City each year are perpetrated with zip guns, homemade pistols constructed with umbrella tubing (Subcommittee to Investigate Juvenile Delinquency, Senate Judiciary Committee, 90th Cong., 2d sess. [1968], pp. 734-36). Obviously, gun control will have no effect on these weapons, or any others covertly manufactured.

If you doubt the easy access of the criminal element to guns, even in strict control areas, consider the following statistic. New York City's Sullivan Law is perhaps the toughest gun control statute in the country. It provides for the licensing of all firearms, and, be it known, very few licenses are issued. Despite this, in 1966 unlicensed handguns accounted for 87.16 percent of all gun crimes committed in New York (Subcommittee, pp. 734-36).

Detroit is another metropolitan area blessed with strict gun control. In 1971, 75 percent of all shootings in that city were committed with unregistered weapons. Detroit's police commissioner estimated that there were then over half a million unregistered guns in Detroit.

Another measure of the ineffectiveness of gun control is its inability to substantially decrease gun crimes. In fact, many areas enacting strong controls, after years of the liberal attitude toward gun ownership, have seen a drastic upsurge in the crime rate.

PLEADING THE CASE

Gun prohibitionists often choose loaded comparisons to prove the effectiveness of controls. A prime example of this type of lying with statistics is a 1968 Department of Justice report, "Firearm Facts." This study compared murder rates in five strong-gun-control states: Pennsylvania, New Jersey, New York, Massachusetts, and Rhode Island (3.1 murders per 100,000 people in the year 1967), with those in five states having relative freedom of ownership: Mississippi, Alabama, Louisiana, Nevada, and Arizona (9.1 murders per 100,000 people). To the unwary observer, it seemed that gun control does indeed result in a decrease in crime.

Closer examination, however, reveals the Justice Department playing with a stacked deck. Of the five states without strict controls, three are in the deep South, known for racial violence and, if you'll pardon the pun, hair-trigger tempers. A fourth state, Nevada, is the sole state with wide-open gambling and attracts hoods like a pork barrel draws politicians.

In the same year in which this comparison was made, the Justice Department could have selected five other states without controls: Iowa, North

Dakota, Vermont, Washington, and New Hampshire —where the murder rate was only 1.8 per 100,000, substantially lower than in the five strict states (Mark Benson, "A Controlled Look at Gun Controls," *New York Law Forum,* 1968, p. 735). Naturally, the government was quite careful to set up an example which supported its position in favor of controls.

Adding weight to the argument against gun control is the case of Philadelphia and Pittsburgh. Here are two cities in the same state, which should make a much fairer comparison than that found in the Justice Department report.

Philadelphia enacted a strict gun control law in 1966. In the next 2 years there was a 917 percent increase in homicides in the City of Brotherly Love! During the same period, in Pittsburgh, which has only the normal Pennsylvania 48-hour purchase delay for handgun sales, there was a one percent decline in homicides (Benson, p. 739).

It is even more interesting to compare crime rates in the same city before and after the enactment of gun control. In 1968, four cities—Chicago, Miami, San Francisco, and Toledo—which previously had comparatively lenient restrictions on guns, adopted harsh measures. In the period between 1968 and 1969 the homicide rates in Miami and Toledo remained fairly steady. But Chicago had a 10 percent increase and San Francisco reported a dramatic 38 percent increase in homicides (Benson, p. 739). If gun control is an effective device for combating crime, the statistics don't prove it.

Gun control is a direct, and rather substantial, assault on the right to life itself.

SKEWED COMPARISONS

Gun controllers often cite England as an example of a nation with strict controls which, it is contended, result in a low crime rate. But this is another loaded example. England is a nation with a relatively homogeneous society, as well as other sociological factors which make for less violence. A closer look at the crime rate in England points out the inappropriateness of comparison. London and New York are cities of about the same size. Each has strict gun control, though New York's is a bit tougher. In 1972 there were 113 murders in London and 1,725 murders in New York. On the other hand, there were over 4,000 privately licensed handguns in London, compared with about 500 in New York ("Gun Registration; Costly Experiment or Crime Cure?" pamphlet of National Shooting Sports Foundation). ("Privately licensed" means issued to homeowners or shopkeepers for their own protection, rather than to private security guards.) If there were a favorable relationship between the number of private guns in existence and the murder rate, London, with roughly 800 percent more privately licensed weapons, should have a higher homicide rate rather than one substantially lower than New York's.

If we must compare the United States with another country, why choose England? In Switzerland, every male of 16 years or more must serve in the militia and store his firearms and ammunition in his home. Yet the incidence of gun crimes in that country is infinitesimal.

The foregoing illustrates a fact of prohibition in which libertarians are well aware. The State cannot effectively ban any commodity, be it alcohol, drugs, pornography, or guns, which certain individuals want badly enough. Humans are ingenious in devising ways to obtain contraband. This is quite apparent in the case of guns. Gun control is designed to foil criminals, professional lawbreakers. Guns are the tools of their trade. Controls will no more deprive them of guns than the speed limit will compel bank robbers to drive their getaway cars at 25 mph in a residential zone.

GUN CONTROL CAN TEMPER PASSIONS?

Some gun control advocates admit that controls won't inhibit professional criminals. They argue, however, that controls will prevent many so-called crimes of passion. A crime of passion is a killing, or serious injury, which is the result of an altercation between friends or members of the same family.

The scenario for the typical crime of passion runs something like this: husband and wife are at home drinking on Saturday evening. An argument ensues. Horrendous insults and vile threats are exchanged. Husband, in a fit of rage, pulls out his trusty revolver. "Bang, bang; you're dead."

Such interfamilial murders are one of the most prevalent types of homicide. The tragedy of such senseless slayings can't be denied. But is gun control the answer?

Not according to Dr. Marvin Wolfgang of Pennsylvania University. Dr. Wolfgang, considered an authority in the field of criminal behavior, formulated Wolfgang's Law: homicides will occur whether or not a gun is available! Dr. Wolfgang writes:

> Few homicides due to shooting could be avoided merely if a firearm was not immediately present, for the offender would choose some other weapon to achieve the same destructive goal. [Patterns of Criminal Homicide (Patterson Smith, 1975), p. 557.]

Now, let us introduce gun control in our hypothetical family fracas. When the enraged husband reaches for his gun he discovers it's missing. The police confiscated it last week, when private ownership of

handguns was banned. Will the husband: a) forget his murderous intent, yawn, prepare a glass of warm milk, kiss his wife on the cheek, and retire for the evening? b) grab a knife, rope, or heavy object and complete the act? or c) buy a gun on the black market the following day, in preparation for the next family argument?

Only someone completely divorced from reality, such as a prohibitionist, believes that obstructing access to the means will prevent the act. Two rather important factors would have to be assumed—that guns are completely banned and that the prohibition is obeyed.

ENFORCING PROHIBITION

Most gun controllers state that their purpose is to merely regulate gun ownership, keep guns out of the hands of criminals and the mentally ill. Yet crimes of passion are usually committed by individuals with no previous criminal record or history of mental illness. How then will the omniscient State determine who *might* someday have a homicidal impulse? Will it administer psychological tests to license applicants? Will anyone who's ever consulted a psychiatrist or only those with provable paranoid delusions be denied a license? One begins to perceive the impossibility of screening applicants for mental stability.

It is also assumed that the gun control ordinance is obeyed. Past experience completely refutes this premise.

Writing in the *New York Law Forum,* Attorney Mark Benson points out the extent to which gun owners ignore oppressive laws:

> When the number of [gun] confiscations [by the police] is compared with the number of registrations, the inference is inescapable that the fraction of total firearms represented by registered weapons is quite small. Notwithstanding their strict registration ordinance, the Chicago police are able to confiscate in a year more illegal weapons than are registered; the New York police confiscate pistols at a rate that would exhaust the number registered, if the figures are taken at face value, in something like three years. And it seems certain that the police find in any given time interval only a fraction of the total unregistered weapons in the community. [1968, p. 718.]

Elsewhere in his article, Benson sets forth further evidence in support of his contention:

> The new gun laws are simply not being obeyed. Recent experience suggests a development of quiet civil disobedience in this area. In New York City, the estimated number of gun owners ranges from 281,000 to 500,000. Only 40,000 have filed permit applications. In Illinois, only some 800,000 identification card applications have been filed, but the state's population is about 11,000,000 and at least 25% of these, if the national average holds true, must be gun owners. [p. 734.]

You will note that throughout this article I have referred to gun control as a prohibition. I've done so for two reasons. First, the more aggressive gun controllers openly admit that their ultimate goal is the complete prohibition of private ownership. One detects a faint odor of fascism in the following statement by Boston police commissioner Robert J. di Grazia:

> I am not asking for registration or licensing, or the outlawing of cheap guns. I am saying that no private citizen, whatever his claim, should possess a handgun. Only police officers should. [Quoted in Stephen Overbeck, "Safer with a Gun? Don't Believe It!" *Readers Digest,* Feb. 1975, p. 138.]

My second reason for equating controls with prohibition is that licensing laws, when they are obeyed, usually block private access to firearms just as effectively as if they'd been banned in the first place.

WHAT GUN CONTROL DOES

Despite the protestations of the less vehement controllers that these laws are not designed to prevent the average person from possessing guns, this is exactly the result they've achieved. Individuals who wish to possess guns legally face almost insurmountable obstacles in the form of red tape, bureaucratic delay, and police discrimination.

Under New York's Sullivan Law, an applicant for a handgun license must pay a nonrefundable $20 application fee, make two or three visits to the local police station, and then wait six months to a year for the license to be issued or denied. Annual renewals require two more visits to the police station and an additional $10 fee.

Adding to the difficulty engendered by this procedure, the New York police have complete discretion in rejecting applications. In *To Keep and Bear Arms,* William Davidson discusses the type of police abuse which often occurs in this area:

> The police in some jurisdictions, again New York City is an outstanding example, abuse this authority and wield it with a literal life or death power. Citizens who are refused permits for no valid reason, yet arm themselves anyway, frequently are more punitively prosecuted than those who assault or rob them. The police maxim under Sullivan-type controls is: "You don't need a gun; we'll protect you."

As an example of police discrimination, one could

cite the case of a perfectly respectable New Yorker who was denied a license because his father had been arrested 20 years before for bookmaking.

Lastly, the fact that the appeals process to overrule a police decision is lengthy, costly, and unsure tends to discourage urban residents from applying for gun licenses, all of which has resulted in a virtual ban on the legal ownership of private handguns in New York City. In 1971, of the 24,354 pistol licenses in effect, only 564 were issued to individuals not employed as bank guards, nightwatchmen, or similar security personnel ("Gun Registration . . .").

Thus far it seems that gun control is an abject failure. It doesn't disarm criminals or terrorists; it doesn't prevent crimes of passion; but it does make it difficult for those unwilling to disobey the law to own firearms.

CONTROL WITH GUNS

But we have yet to consider the most telling argument against gun control—the importance of guns as defensive weapons. An examination of the daily newspapers reveals numerous examples of victims whose lives or property were saved by the intelligent use of a gun.

In December 1971, a gang of hoodlums invaded a Boston nursing home; the elderly patients seemed an easy target. They attacked one man, a paraplegic, with razor blades. The patient used a pistol, which he'd kept in the drawer of his nightstand for years, to kill two of the attackers and thus save his life.

Another incident in Boston occurred quite recently. As the victim, Mrs. Constance Howard, told a National Rifle Association audience, "If it hadn't been for that gun, both my husband and I would be dead." Mrs. Howard was referring to the robbery of her home on January 26, 1974. The trio of armed men who broke into her house savagely beat Mrs. Howard and her husband. The inside of her mouth was slit, a back tooth broken, and the cartilage inside her nose was smashed. She escaped from her assailants long enough to get her husband's gun. Though she's no marksman, Mrs. Howard managed to drive the robbers from her home, killing one of them, an ex-convict with a long history of armed robbery.

Even the *New York Times,* never known to condone law-of-the-West tactics, published a front page article about a black grocer named Elwood Carter (May 6, 1974, pp. 1, 58). Carter, who the *Times* described as "the latest embattled citizen standing up against crime," owns a small general store in the South Jamaica neighborhood of New York City. After suffering several robberies, the grocer saw fit to arm himself and his family with a double-barreled shotgun and three pistols—a Smith & Wesson .38, a .357 Magnum and a .22 Browning. The two men who tried to rob him on May 4 were greeted with this rather formidable arsenal. The result, by now, should be familiar—one dead, the other escaped with serious injuries.

Carter, however, is a veritable pacifist when compared with fellow New York grocer Felix Torro, whom the police call "The Shooter." In less than a year's time, Torro faced 15 bandits in 8 robbery attempts. He killed three, wounded four, scared the others away and "never lost a cent." "I work very hard," says Torro, "sometimes 17 hours a day. I'm not going to give up my money without a fight." (The *Boston Record American,* Oct. 26, 1971, p. 4.)

In recent years a number of police departments and private organizations have sponsored shooting clinics to instruct the novice in marksmanship. After a well-publicized shooting course for women in Orlando, Florida, the number of violent crimes against women declined abruptly. In fact, it's quite likely that lower assault and robbery rates in areas of the country where there is widespread gun ownership are a direct result of the criminal's reluctance to face an armed adversary.

The need for guns, for the defense of person and property, simply can't be overstated. Who will protect you from the depredations of the denizens of our jungle society? Surely not the police. Police departments are geared toward apprehending criminals after the crime has occurred, not preventing crime. Some law enforcement officials have the courage to admit this. When asked if he favored gun control, the outspoken police chief of Los Angeles, Ed Davis, replied:

> I am going to keep my home armed and anybody who wants my guns will have to come and get them the hard way. What other protection do I have? There's not a police department big enough and well staffed enough to guarantee citizens that it can safeguard them—I certainly can't tell my citizens that, even though they're better protected than in many areas. [Interview in *True Magazine,* Jan. 1975.]

Only you can take the necessary measures to provide yourself and your family with the maximum degree of protection. This leaves you with several alternatives: you can repair to a Taoist Monastery to be instructed in the art of Kung Fu; you can quit civilization and live in the wilderness; or you can buy a gun and take the time and effort to learn to use it safely and effectively. And when your liberal friends begin dropping unsubtle hints about your "paranoia" you can relate one of my favorite anecdotes.

When the Pentagon Papers engendered so much legal controversy, two Washington reporters arrived at the home of Chief Justice Warren Burger late one evening, to insure coverage should the Justice Department make a late hour appeal to halt publication. When the newsmen rang his bell, near midnight, Mr. Burger answered the door wearing a bathrobe and armed with a mean-looking long-barreled pistol. Is it possible that the Chief Justice of the United States knows something the gun controllers don't? ◻

MIDNIGHT MONEY ANALYSIS

It would seem safe to claim that few professional economists would be apt to affirm the use of price and wage controls as the means of calling a halt to price inflation. The standard argument against the imposition of price controls is straightforward enough: when official prices are below the prices that would have prevailed on a free market, shortages will appear in the legal, visible markets. Scarce resources will be hoarded; production bottlenecks will occur; production will decline; goods will be diverted into black markets. (Defenders of the methodology of scientific neutrality should not use the phrase "black markets." I much prefer "alternative zones of supply.") So much for the textbook presentation.

The argument states that price controls attack only symptoms, leaving underlying causes, be they fiscal or monetary in nature, basically unaffected. This judgment has been overly hasty. There is one very important aspect of the debate over controls that has been neglected in the literature. People cheat. The bigger the stakes, the greater the costs of not cheating. Admittedly, this is difficult to prove empirically: the bigger the stakes, the higher the risk; the higher the risk, the greater incentive for secrecy. After a time, presumably, the less efficient cheaters tend to be removed from the marketplace, leaving even more successful cheaters, who in turn leave fewer traces.

Leaving traces is the heart of my economic analysis, or rather, not leaving traces. As monetary inflation continues, the disparity between the legally fixed prices and the hypothetical market prices tends to increase. The opportunities for profit in illegal arbitrage operations also increases. Assuming that the political authorities are concerned about enforcing the structure of legal prices, more of the state's resources will be devoted to ferreting out cheaters.

The obvious place to start searching would seem to be the checking accounts of the nation's entrepreneurs. The Supreme Court has upheld the legality of photographing checks, so the data are available. The more efficient cheaters understand the implications of photographed checks. Credit cards, of course, leave even more traces than checks. The obvious alternative money for use in alternative markets is cash. For the purpose of exposition, let us designate cash as Midnight Money, or MM_1 (since M_1 refers to checking accounts plus currency in circulation).

As demand for MM_1 increases, there will be pressures on the commercial banking system to provide the needed funds. No doubt the Federal Reserve System, established in 1913 to provide the nation with a truly elastic currency, will respond to the increased demand. The problem, of course, is the structure of fractional reserve banking. Withdrawals of MM_1 that are not offset by redeposits elsewhere in the commercial banking system reduce the banking system's ability to create new deposits, since legal reserves are reduced by the very act of withdrawal. If a bank must retain a 15 percent reserve for all demand deposits, the permanent removal of one cash dollar, assuming banks are fully loaned out, would involve a shrinking of M_1 by as much a $6.67, (1/15 = 6.67, minus the dollar still in circulation.) If the dollar were removed from a savings account, the contraction would be that much greater, given the lower reserve requirements for time deposits.

Thus, we can conclude that the effect of price controls is to create shortages; shortages give rise to alternative zones of supply (illegal); participants in these zones seek to cover their trail, and therefore prefer to make exchanges in cash; and the public's willingness to withdraw cash from the fractionally reserved banking system reduces the system's overall reserves, forcing them to contract both M_1 and M_2. (M_2 equals M_1 plus net time—savings—deposits.) This, quite obviously, is deflationary. Hence, it is safe to conclude that price and wage controls do help to reduce price inflation.

As far as I am able to determine, this is the only theoretical justification for imposing controls to reduce price inflation. Yet I have not seen a single reference to MM_1 in the literature, nor have I heard a single pro-controls politician or economist use it in support of his proposed system of controls. Since MM_1 analysis is the very heart of any serious proposal to reduce price inflation by means of price controls, I hope that my contribution will be seen for what it is.

Gary North
Chalcedon Foundation

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FOREIGN CORRESPONDENT

LIBERTARIAN PROGRESS

Auckland, New Zealand. Visitors know so little about New Zealand, the story goes, that they often ask where to find the bridge connecting it to Australia. But most of the three million inhabitants of this country welcome their isolation from the world, enjoying the favors of their land and climate.

New Zealand merits a look from any person concerned for the future of freedom. Although it has justly won a reputation for the growth of its welfare state, the days of this growth are over. New Zealand now has attractions for those who seek a retreat of uncommon advantages, and for those who seek to achieve libertarian political reforms.

The people of New Zealand are scattered across a land roughly equal in size to Japan. Their economy depends on agriculture; in particular, on the sheep that graze the country's rolling hills. Less colorful than their vivid countryside, the people nonetheless show a hospitality and simplicity that seems to be waning in the United States. They hold firmly to bourgeois values in a society that has few rich and almost no poor.

In November, the voters swept a Labour government from power in a landslide. The new prime minister, Robert Muldoon, is a technocrat of the National Party with a flair for populist and conservative rhetoric. He has warned people to expect some hard years as they pay for the extravagant borrowing and spending of his predecessors. The private sector faces much brighter prospects under Muldoon; he said in August that he would like to cut government spending from its present 44 percent of the GNP to less than 35 percent.

Libertarian influence, moreover, is increasing. One of Muldoon's best-known backers is an articulate young libertarian who made a fortune in real estate and now hosts a popular radio talk show. Another admirer of Ayn Rand ran the successful reelection campaign of Muldoon's deputy, Brian Talboys. A rising young Labour Party star was upset by another National Party candidate who reads Rand, has surrounded himself with Objectivists, and subscribes to *The Ayn Rand Letter.*

Political activity extends beyond the National Party. In October, dozens of hardcore libertarians fielded four candidates of a new organization called the Alpha Party. The candidates outpolled those of a number of other minor parties, despite a lack of campaign money. Unlike the Libertarian Party, Alpha believes that it can win office in this generation because of a new approach to politics. This approach downplays the *philosophy* of libertarianism in favor of selling the public on step-by-step *reforms* to reach libertarian ends. Alpha has been encouraged by the extensive coverage given it by radio and television.

Other libertarians have gained publicity through different means. A housewife started a group called "Citizens Against Bureaucracy" in September to present a squid to the bureaucracy voted most unpopular: "Both squids and bureaucrats squirt black ink," she pointed out. A young Wellington lawyer wrote a best-selling booklet explaining the causes of inflation and recommending ways that New Zealanders could protect their wealth. Another Wellington resident, who writes an irregular monograph promoting laissez-faire, was recently asked by the leading Sunday newspaper to do a three-part series on Objectivism.

Observing all of these events with sympathy and detachment are a number of libertarians who have resigned themselves to pessimism about trends in the world. Several wealthy Americans, in particular, have moved to New Zealand because of its insulation from potential cataclysms abroad. The country has a superabundance of food, vast quantities of hydropower and natural gas, no capital gains tax, and little risk of internal dictatorship. "Every country in the world may become a jail, but New Zealand will be a more comfortable jail than the others," says one of the pessimists from the vantage of his island farm near Auckland.

Long odds face libertarians everywhere in their attempt to achieve a free society. New Zealand is no exception. Few advocates of the free market can be found in the economics or philosophy departments of the universities. Only a small minority of New Zealanders entertain doubts about the fundamental wisdom of the welfare state. Yet these shortcomings must be balanced against advantages of a longer range; the country's tiny population of three million prides itself on individualism and self-reliance, has no large number of poor people to support, and is incomparably easier to influence than its counterparts in larger and more decadent societies. Libertarians have just begun to organize an educational foundation that will launch Nader-style investigations into government programs. (The Ara Foundation, P.O. Box 16061, Sandringham, Auckland 3 New Zealand welcomes correspondence with overseas individuals and groups.) As disenchantment with the National Party mounts during the next three years, a fully organized libertarian party will be ready to offer New Zealanders an alternative. So New Zealand libertarians are in good spirits, and as optimistic as anyone can be about thriving in the hard times ahead.

MARK FRAZIER

Contributing editor Mark Frazier is now living in Auckland, reporting and copy editing for the New Zealand Herald.

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VIEWPOINT

MAO-OCRACY ON THEIR MINDS

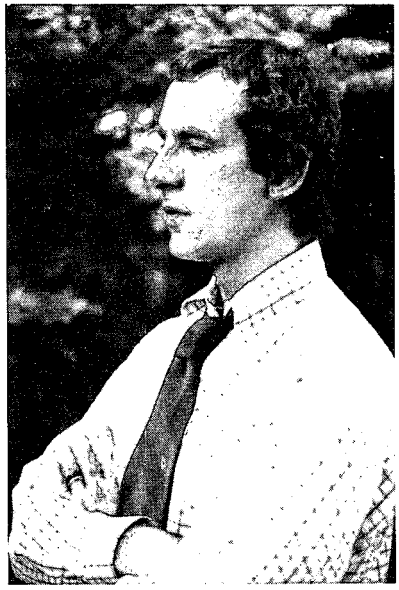
I have been talking with friends and colleagues in the media, having long puzzled over their seeming double-standard when evaluating and reporting on news from dictatorships of the left and of the right. The proximate cause for these chats—and they have amounted only to on-the-run conversations, not to (as The Kids say) heavy raps—was of course the President's December journey to Cathay, and the reportage thereupon, coming hard on the heels of the death of Franco.

It is a particular fancy of the farther reaches of the rightwing that the media are not only biased, which they most certainly are, but that they are positively infused with Communists, which gives to media coverage of such events as Franco's passing and Ford's immersion in the waters of Mao-mush its characteristically skewed appearance. I have checked my credentials and my psycho-epistemological whatsits and found that I am still certifiably of the rightwing. But still I cannot buy the conspiracy theory of the media.

I know these men and women to be liberals, even sometimes left-liberals, but in proportion as they advance up the economic ladder they are the more resolutely capitalist. They are with very few exceptions bright, outspoken, given to enjoying the good things that capitalism provides, true defenders of the First Amendment; in short, they are like me. Which means they ain't Commies. Which makes their attitudes virtually incomprehensible; their attitudes, that is, about the spectrum of dictatorships extant on the globe.

One shouldn't beat a tired horse, and maybe the reader has already concluded that the explanation is simply that the media moguls, the anchorhumans, and the trendiest reporters are just not very perceptive, and that's that. I deny it. They are neither unperceptive nor agents of some Communist conspiracy, or I'm Alger Hiss.

Something, or some things, else must be brought into the equation to make sense of their zeal in sneering at "dictators" like Franco and their benign gaze when casting their eyes upon the People's Republic of China. But let them tell it; I quote here from men I like and admire.



DAVID BRUDNOY

"Franco permitted no freedom for the Jews to practice their religion on the streets, but only indoors. . . . The KMT [Chiang K'ai-shek's group] was corrupt, but in China today ["Red China" is never used; it is just "China"] nobody's starving. . . . Mao is very old and isn't really in complete control of things, so to call him 'dictator' is inaccurate, whereas Franco exemplified one-man rule. . . . There's no difference between dictatorships like Franco's and Communist dictatorships, except that the former is against the people and the latter arises from the will of the people. . . . China is culturally progressing and, besides, who are we to say what sort of government they should have; but Spain is in the West, so. . . ."

And a bit more; this one I especially like: "Look, David, the President's over there [in China] cozying up to Mao and Chou and the rest. The American people gets its cues from the propaganda put out at the White House, and since the White House seems to like China, isn't it our duty [that of the media] to carry to the American people the current views?"

All right, then, the above remarks are more or less verbatim; I jotted them down within minutes of these little chats. I made no headway suggesting that Maoism is to today what Hitlerism was to the '30s and '40s: a wholly reprehensible system of ideas and actions. Pshaw, I

(continued on page 42)

WISE UP!

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TRENDS

OPENING UP THE PROFESSIONS

Laws and regulations created at the behest of professional associations to restrict entry, fix prices, and prohibit advertising are coming under fire at both the state and Federal level. Leading the attack are the U.S. Justice Dept. and the Federal Trade Commission (FTC). The initial victory occurred in 1972 when organizations representing accountants, architects, civil engineers, and mechanical engineers all agreed to drop antibidding restrictions, under prodding from the Justice Dept. Today the emphasis is on licensing practices and advertising.

In addition to recent actions aimed at bans on lawyer advertising, activity is occurring in the following professions:

• *Physicians*—Last September the Justice Dept. charged that the "relative value guides" for pricing used by the American Society of Anesthesiologists violate the Sherman Act. The FTC is planning antitrust action against the American Medical Association and state licensing boards over their refusal to let doctors take license exams unless they attended AMA-approved schools. And in December the FTC made a formal complaint charging the AMA with illegally restraining competition by prohibiting its 170,000 members from advertising services and prices. The FTC's Bureau of Competition emphasizes that the move is not aimed at *requiring* doctors to advertise, but merely *allowing* them to do so if they wish.

• *Pharmacists*—In November the Justice Dept. filed a civil antitrust suit against the American Pharmaceutical Association and the Michigan State Pharmaceutical Association, charging that they illegally conspired to prohibit their members from advertising prices. The suit contends that purchasers thereby "have been deprived of the benefits of free and open competition in the advertising and sale of prescription drugs." California's ban on drug price advertising has already been ruled illegal, but that ruling is currently on appeal to the U.S. Supreme Court.

• *Opticians*—In December the FTC proposed a trade regulation that would abolish all state laws or regulations which restrict advertising the price of prescription eyeglasses and optometric services. The FTC proposal stated that there is evidence that present bans (in all but 14 states) result in higher prices and hinder consumers in making rational purchase decisions. In California the state's ban on such advertising—under attack by the Opti-Cal chain (see "Trends," January 1975)—was recently declared to be a violation of the First Amendment's guarantee of freedom of expression. The U.S. Circuit Court ruling reversed a November Superior Court ruling upholding the law.

• *Engineers*—In Ohio a case is pending against the State Board of Registration for Professional Engineers, challenging the board's authority to bar competitive bidding. And the FTC is reviewing civil engineering codes of ethics that restrict the hiring of a competitor's personnel and prohibit comment on a competitor's competence.

At the state level, too, there are organized campaigns, with backing from regional FTC and Justice Dept. offices. In Wisconsin, for example, there is a major coordinated effort to eliminate old examining boards, prevent the creation of new ones, and limit the powers of those that remain. Wisconsin Attorney General Bronson C. LaFollette says his department is pushing for deregulation of the state's commerce "to the fullest extent." All 20 of the state's licensing boards are coming under scrutiny, for their limits on entry and bans on advertising, in particular.

In Vermont the legislative-executive Committee on Administrative Coordination recently conducted a comprehensive review of that state's 27 licensing programs, recommending that six be abolished and seven others replaced by voluntary certification. The committee also is recommending that the state adopt, for the first time, written criteria on the need for regulation of each profession. The criteria would require that regulation be proven necessary, that normal market forces cannot adequately protect the public, and that users of the particular professional service can't be expected to exercise sophisticated judgment. Such criteria, if enacted, would open up all remaining Vermont licensing programs to challenge.

SOURCES:
- "Closing In on the Professions," *Business Week*, Oct. 27, 1975, p. 106.
- "AMA Accused of Illegal Restraint on Competition," AP (Washington), Dec. 23, 1975.
- "U.S. Sues to End Group's Ban on Drug Price Ads," *Ibid.*, Nov. 25, 1975.
- "FTC Would OK Advertising of Eyeglass Prices," *Los Angeles Times*, Dec. 24, 1975.
- "Judges Pave Way for Eyeglass Ads," *Ibid.*, Jan. 9, 1976.
- "Licensing Agency Curbs Pushed," *Milwaukee Sentinel*, Oct. 2, 1975.
- "Large-Scale Paring of State Licensing Boards Suggested," *Rutland Daily Herald*, Nov. 22, 1975.

WHAT PRICE CHILD CARE?

A government study of child care in California has found that state-subsidized child care centers cost 2.5 times as much as private centers, but aren't appreciably better. The Office of Educational Liaison study reported that the median cost of private child care is 68¢ per child per hour, compared with $1.73 in publicly-funded centers. The group's report called for a halt in expansion of state-subsidized care and recommended increased incentives for establishment of private centers in homes and at work sites.

Why are the publicly-funded centers so expensive? For one thing, they have to meet unrealistic Federal staffing requirements (one staff worker for every five children) and are poorly coordinated. In addition, they are generally run by local agencies for which "serving is not a typically high priority," in the report's gentle phrasing. Also, they must meet the paperwork requirements of both the Dept. of Education (which administers the program) and the Dept. of Health (which disburses the Federal funds).

To encourage the creation of more private centers, the report recommends tax incentives for individuals and companies who provide child care, technical help, loans, and a judicious relaxation of licensing standards. It also recommends that the state set up a voucher system to give needy parents a choice of child care facilities. Hopefully, the Brown administration will take these recommendations seriously.

SOURCE:
- "Report Criticizes Child Care Centers," AP (Sacramento), Dec. 25, 1975.

BANK COMPETITION ADVANCES

The Washington drive to remove many of the Depression-era controls on financial institutions (see "Trends," July 1975) is proceeding in both the House and Senate. The latter passed the administration's bank reform bill in December by a 79-14 vote. Provisions of the bill include allowing banks to pay interest on checking accounts, allowing savings and loan associations (S&Ls) to offer checking accounts, removing the Regulation Q ceilings on savings account interest rates, allowing S&Ls to expand into all types of loan activity, and expanding the allowable activities of credit unions. The purpose

of the bill, according to Sen. Thomas McIntyre, is to expand competition and improve consumer service.

The House Banking Committee, meanwhile, has proposed a more drastic reform bill, which incorporates the Senate's removal of old restrictions, removes still others, but imposes tougher Federal regulation in other areas. The House bill would nullify state laws restricting bank branching in urban areas of over two million people, abolish the Office of the Comptroller of Currency and the National Credit Union Administrator, eliminate the regulatory powers of the 12 district Federal Reserve banks and retire their stock, and reduce the Federal Reserve Board to five (rather than seven) members, appointed for 10-year (rather than 14-year) terms. The bill would, however, create a new super agency, the Federal Depository Institutions Commission, to carry out all Federal regulation of banks, S&Ls, and credit unions. It would also bring state-chartered and foreign banks under Federal Reserve jurisdiction for the first time. Further, it would set up a complicated set of tax incentives and regulations concerning loans for low-cost housing.

The House bill's mixed-bag approach is certain to result in heated debate, and many of its provisions may be changed. Still, the prospects for increased competition in the financial community appear very good.

SOURCES:
- "Senate Approves Broad Changes in Bank Regulations," UPI (Washington), Dec. 12, 1975.
- "Overhaul of Banking, S&L Rules Proposed," *Los Angeles Times,* Nov. 5, 1975.
- "A House Study Stuns the Banking Industry," *Business Week,* Nov. 17, 1975, p. 44.

DE-LIMITING LIABILITY

One of the sacred cows of the government-subsidized nuclear power industry is the Price-Anderson Act, whose extension is currently pending in Congress. This law, first enacted in 1957 to spur acceptance of nuclear powerplants, limits total liability for catastrophic nuclear accidents to $560 million. Of that amount, only a fraction (originally $60 million, now $125 million) is provided by private insurance coverage; the balance is to be paid for by American taxpayers. And if a multi-billion dollar nuclear accident occurred, the victims would be compensated—by law—only up to the $560 million ceiling.

This evasion of responsibility and public subsidy is finally coming under scrutiny and challenge. The controversial California Nuclear Power Plant Initiative (to be voted on in June) would restrict the operation of nuclear reactors in that state until Price-Anderson was repealed and the power companies assumed full liability for accidents. The California State Bar board of governors voted in December to ask the state's Congressmen to seek repeal of Price-Anderson. So did seven of the 15 members of the legislature's Land Use and Energy Committee.

Consumer advocate Ralph Nader has also called for repeal of Price-Anderson, arguing that the nuclear industry cannot logically maintain both that nuclear power is safer than other forms of power *and* that the risk is too great to be borne by conventional insurance. Syndicated columnist Tom Wicker has also called attention to the issue in a recent column. Hopefully, this particularly odious distortion of the free market will at last be wiped out.

SOURCES:
- "State Bar Urges Lifting of A-Plant Liability Limit," *Los Angeles Times,* Dec. 6, 1975.
- "Saving Energy Would Eliminate A-Plant Need," UPI (Sacramento), Dec. 4, 1975.
- "Reactors and Risks," Tom Wicker, *New York Times,* Dec. 13, 1975.

FEDERAL DELAY AGENCY

In 1972 economist Sam Peltzman (see "Spotlight," this issue), after extensive empirical study, concluded that the 1962 amendments to the Food, Drug, and Cosmetic Act were causing substantial delay in the introduction of new, potentially life-saving drugs—so much so that the cost in lives lost was far greater than the potential lives saved from unsafe drugs by the FDA's hyper-caution. New support for this conclusion is now available from two pharmacologists.

Drs. William Wardell and Louis Lasagna of the University of Rochester School of Medicine and Dentistry identify and quantify the "drug lag" caused by FDA enforcement of the 1962 amendments. In their report, *Regulation and Drug Development,* they point out that the average cost of introducing a new drug in the United States has increased from $1.3 million in 1968 to $10.5 million in 1975, just five years later. The average time between submission and approval of a New Drug Application is now five to seven years. As a result, the United States lags far behind most of Europe in taking advantage of new drug technology. Of 180 new drugs introduced in America and Britain in the decade beginning in 1962, 98 are available *only* in Britain. British doctors and patients have available a variety of respiratory, antibacterial, and cardiovascular drugs that have still not been cleared for use in the United States.

The drug lag situation is serious, so much so that the former chief of clinical pharmacology at Walter Reed Army Institute of Research terms it a crisis. Dr. Stephen L. DeFelice blames Congress for this situation, pointing out that the 1962 amendments it imposed on the FDA "accepted consumerism's false ideal of a completely no-risk existence."

The answer? DeFelice proposes, as do Wardell and Lasagna, more realistic FDA standards and other reforms. Other critics, such as Milton Friedman and the editor of *Private Practice,* would go much further, repealing the 1962 amendments or abolishing the FDA altogether, in favor of free-market testing and monitoring institutions and improved forms of insurance.

SOURCES:
- "FDA Rapped for Delay on New Drugs," *Science,* Sept. 12, 1975, p. 864.
- "The Drug Lag," *Time,* Sept. 29, 1975, p. 53.
- *Regulation and Drug Development,* William M. Wardell and Louis Lasagna, American Enterprise Institute for Public Policy Research, 1975.
- "Caution on New Drugs Is Killing Research," Stephen L. DeFelice, *Moneysworth,* Oct. 13, 1975, p. 15.

MILESTONES

- *Trade.* Fair trade laws in all 50 states will be abolished this month, as a result of President Ford's signing a repeal bill in December. Repeal of the laws (which prevented retailers from offering discounts) is expected to save consumers $2 billion per year. Unfortunately, the repeal does not affect the price of liquor, since the 21st Amendment gives states the power to regulate the sale of alcoholic beverages. (Source: "Ford Signs Bill Ending Fair Trade Laws in States," UPI (Washington), Dec. 12, 1975)
- *Privacy.* The IRS has decided to delete the question about foreign bank accounts from the 1040 form for taxable year 1975. The decision means the IRS is no longer subjecting taxpayers to the penalty of perjury regarding the sensitive subject of overseas bank accounts. Taxpayers are still expected to file additional documents if they have such an account, but can no longer be prosecuted as perjurers simply for checking the wrong box. (Source: "Foreign Account Question Omitted on '75 IRS Forms," *Los Angeles Times,* Nov. 14, 1975)
- *Big Government.* A majority—57 percent—of registered voters would support a candidate who promises to reduce the number of Federal employees by five percent in each of the next four years. And 67 percent favor President Ford's plan to cut both taxes and spending by $28 billion. These October Gallup poll findings further indicate the extent of public discontent with big government. (Source: "The Right to Cut," *Time,* Nov. 24, 1975, p. 16)

This column reports trends in the advancement of individual liberty and the rediscovery of economic freedom. Readers are invited to submit material of potential interest.

BOOKS

ZEN AND THE ART OF MOTORCYCLE MAINTENANCE. By Robert M. Pirsig. New York: Bantam Books. 1975. 406 pp. $2.25.

Reviewed by JAMES CHESHIRE

Zen and the Art of Motorcycle Maintenance is an ambitious, multi-faceted novel which attempts to depict in dramatic form the troubled soul of modern man. Structurally, it is an interesting, if at times unbalanced, interlacing of narrative and essay. The narrative centers on a cross-country motorcycle trip of a father and his son, accompanied, in the first half of the novel, by a young couple who serve as launching pads for the protagonist's speculative flights into sociology, psychology, and philosophy. The reader follows the riders through a colorful panorama of scenery from the marshes of the Central Plains to the traffic-jammed freeways of the West Coast. It is clear from the beginning that we are to be engaged primarily in soul searching, secondarily in sightseeing, primarily in hard thinking, secondarily in story reading.

The novel begins with a brief exposition on how to get the best out of a motorcycle trip and what such trips are all about. Soon enough we find ourselves on another journey, with Pirsig at the wheel, steering through familiar intellectual terrain, but by a scarcely travelled route. Pirsig's strategy is to move from the narrative to informal essay (called "Chautauquas"—"an old time series of popular talks intended to edify and entertain, improve the mind and bring culture and enlightenment to the ears and thoughts of the hearer"), then back to narrative again.

As the story develops, we discover an uneasiness in the father's relationship to his son, an uneasiness rooted in the father's need to come to terms with himself, to resurrect a dormant aspect of his personality, a figure known as Phaedrus, and reconcile Phaedrus with his other half. The narrator is clear-thinking, objective scientific, methodical, a technical writer of computer manuals and a first rate motorcycle mechanic. Phaedrus is a teacher of rhetoric, gone mad, denier of Aristotle and the dualistic intellectual tradition of the West. He is a solitary mystic type, given to fits of abstraction, and destined, like Nietzsche, to be misunderstood, feared, and ultimately declared insane.

With the introduction of Phaedrus a third structural element of the novel appears in the form of lengthy flashbacks which provide links between the narrative and the Chautauquas. By the end of the novel, Pirsig is no longer moving from narrative to essay (sometimes to the frustration of the reader) but has accomplished a synthesis of sorts, bringing all the elements together in the closing chapters as the central character begins to integrate himself.

Pirsig's concerns cover a wide variety of topics. He discusses the structure of motorcycles and the strategies of maintaining a machine, which allows him to speak more broadly and boldly about the structure of thought and the failure of technology—or, better put, *our* failure in the age of technology. He comments on the virtues of self-reliance and the traps that drain us of energy and prevent our solving problems, the result of which is a growing bitterness toward the machine, or "the system". It is as though we have forgotten the mechanic, the psychologist, the politician.

Throughout the book Pirsig has interesting, clever, and colorful things to say about art, science, education, and the development of Western philosophy. Sometimes his observations are sharp-edged and critical; at other times, almost fluid, written with the pen of a poet. Here is a sampling:

> Those Indians and medieval men were just as intelligent as we are, but the context in which they thought was completely different. Within that *context* of thought, ghosts and spirits are quite as real as atoms, particles, photons and quants are to a modern man . . . Modern man has his ghosts and spirits too, you know. (p. 32)

> John looks at the motorcycle and he sees steel in various shapes and has negative feelings about these steel shapes and turns off the whole thing. I look at the shapes of the steel now and I see *ideas.* He thinks I'm working on *parts.* I'm working on *concepts.* (p. 92)

> It's not the technology that's scary. It's what it does to the relations between people, like callers and operators, that's scary. (p. 148)

> You look back at the last three thousand years and with hindsight you think you see neat patterns and chains of cause and effect that have made things the way they are. But if you go back to original sources, the literature of any particular era, you find that these causes were never apparent at the time they were supposed to be operating. During periods of root expansion things have always looked as confused and topsy-turvy and purposeless as they do now. (p. 164)

> What is essential to understand at this point is that until now there was no such thing as mind and matter, subject and object, form and substance. Those divisions are just dialectical inventions that came later. The modern mind sometimes tends to balk at the thought of these dichotomies being inventions and says, "Well, the divisions were *there* for the Greeks to discover," and you have to say, "*Where* were they? Point to them!" And the modern mind gets a little confused and wonders what this is all about anyway, and *still* believes the divisions were there. (p. 367)

Although the problems that Pirsig discusses involve all of us to some degree, his protagonist is clearly not an Everyman. He is considerably more complex and troubled, heavily intellectual. The reader will definitely be challenged, particularly by the philosophical twists and turns that haunt Phaedrus, who does his best to overturn what he takes to be our greatest intellectual obstacle—the dualistic world view bequeathed by Aristotle. Readers may disagree as to the extent to which Phaedrus succeeds, or even makes sense. No doubt Pirsig believes there is a little of Phaedrus in each of us, though the Phaedrus we meet in his book is clearly a caricature of a type of personality.

As often as not, Pirsig's comments and observations are disguised pieces of advice, which no doubt the reader has had his fill of. Nonetheless, in an era of quick solutions, where we are advised to "let go", "hang loose", and "groove", (whatever that means) it is refreshing to hear someone say, *Think.* Not that Pirsig denies the value of grooving:

> It's here to stay because it's a very serious and important way of looking at things that *looks* incompatible with reason and order and responsibility but actually is not. (p. 53)

Perhaps this is as good a statement of Pirsig's theme as any. He is concerned to demonstrate that we are in a better posi-

tion to groove if we know how to think, that what we are to let go of, when we let go, is not Reason, but a cheap imposter—sloppy thinking, false beliefs, and unfounded assumptions. These are the source of that resistance which Zen tells us to avoid when it says to follow the way of least resistance.

Everything considered, this book is not, I think, a great one. It is good, worth reading, and sprinkled throughout with gems. Its flaws are as patent as its occasional brilliance. For instance, Pirsig is much too long on essay in comparison to his narrative, which deserves fuller and earlier development. Further, a considerable portion of the novel follows Phaedrus through an interpretation of the history of Western philosophy, with comments and criticisms, arguments and conclusions which are philosophically questionable and artistically beside the point. Aristotle is simply not the ogre that Phaedrus makes him out to be, and Pirsig admits as much after subjecting the reader to what seems like endless and unnecessary detail designed to prove otherwise.

Pirsig is at his best when his observations arise naturally from his narrative, rather than when he breaks abruptly from the story to comment on life. For this reason his opening and closing chapters are more effective than the rest, from a literary point of view. His problem as an author interestingly parallels that of his protagonist, who is struggling to integrate apparently conflicting personalities. This is not surprising, given the intensely personal character of the novel. On reflection, and keeping in mind the ambitious task which Pirsig takes on, it is a wonder that he did so well. ◻

James Cheshire received his B.A. in English from San Jose State College and his M.A. in philosophy from the University of California at Santa Barbara.

MISES MADE EASIER: A GLOSSARY FOR LUDWIG VON MISES' HUMAN ACTION. By Percy L. Greaves, Jr. Dobbs Ferry, NY; Free Market Books. 1974. 157 pp. $6.50.

Reviewed by BRIAN SUMMERS

The greatest challenge facing libertarians today is winning intelligent converts. This is no mean trick. It calls for patience, manners, erudition, and consistency. In short, it calls for philosophical depth. This is especially true when the conversation turns to economics. It is not enough merely to assert that price controls create shortages, union monopoly privileges result in underemployment and unemployment, inflation breeds recession, government interventions make a shambles of economic calculation, etc. Intelligent people want to know why.

Human Action, Ludwig von Mises' magnum opus, provides the answers. It is a monumental treatise of immense scope, yet based on a simple premise that can be expressed in two words: people act. That is, to quote from Percy Greaves' glossary, *Mises Made Easier, human action* is:

> Purposeful behavior; an attempt to substitute a more satisfactory state of affairs for a less satisfactory one; a conscious endeavor to remove as far as possible a felt uneasiness. Man acts to exchange what he considers will be a less desirable future condition for what he considers will be a more desirable future condition. Thinking and remaining motionless are actions in this sense. Human action is always rational (q.v.), presupposes causality and takes place over a period of time.

From this fundamental beginning, Mises built his edifice—the greatest defense of the free market the world has ever seen. Yet, despite all its brilliance, this masterpiece does not receive the wide audience it so richly deserves.

There are two reasons. The first is prejudice. For 100 years, mainstream economists have tried to emulate the success of natural scientists by treating economics as an empirical science—despite the fact that it is impossible to perform controlled experiments in economics. As Mises stated—and proved—in *Human Action,* this has been a tragic mistake. Economics is an a priori science, based on postulates, and built with logic.

The second reason why *Human Action* is not as widely read as it should be is that Mises used words, phrases, and historical references that are unfamiliar to most readers. An unabridged dictionary, encyclopedia, and foreign language dictionaries are of some help, but Mises' precise meanings often differ considerably from "standard" usage. What has been sorely needed is a glossary prepared by a close associate with the assistance and approval of Mises himself.

This need has been ably filled by Percy Greaves' *Mises Made Easier.* Here, in alphabetical order, are Mises' precise meanings of *praxeology, catallactics, evenly rotating economy, money in the broader sense, money in the narrower sense,* and various other Misesian words, phrases, and foreign expressions, along with page references to *Human Action* and 11 of Mises' other books, all available in English, in which he discussed these concepts in detail. In addition, numerous historical references, such as *Banking School* and *Currency School,* are carefully explained. Many of the definitions fill half a page or more, so the glossary forms a valuable economics encyclopedia in its own right. For instance:

> *Neutral money, neutrality of money:* The idea that there is or can be some fixed price structure, or interrelationship of all prices, that is independent of the quantity of money and which therefore is not disturbed by changes in the quantity of money. Adherents of this idea hold that changes in the quantity of money affect the prices of all goods and services proportionally and at the same time. This untenable doctrine is the basis for many attempts to maintain a so-called "stable price level" by manipulating the quantity of monetary units. Actually, all changes in the quantity of money must be introduced by changes in the cash holdings of specific individuals whose purchasing power, value scales and spending patterns are thus altered in a manner which affects different prices differently and sets in motion other price changes as the subsequent recipients of such newly induced spending find their cash holdings increased and they in turn change their spending patterns with differing effects on different goods and services. Thus every change in the quantity of money must affect different prices differently and there can be no such thing as the alleged neutrality of money. See "Quantity theory of money." For other effects of changes in the quantity of money related to the trade cycle, see Chapter 20 of *Human Action.*

For serious students, there is an appendix containing, for the first time in English, Mises' critique of Boehm-Bawerk's analysis of time preference.

Mises Made Easier belongs on the desk of every libertarian who hopes to meet the challenge of statism with knowledge, understanding, and logic. ◻

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MOVIES

• Stanley Kubrick is known as a passionate filmmaker, but with **BARRY LYNDON** he seems to have expended most of his passion on backgrounds, settings and camera angles. Very little emotional involvement is left over for the characters that populate this hermetically sealed, 18th century time capsule. For what may go down in history as the ultimate baroque movie, Kubrick inexplicably has chosen to spend $11 million to adapt a minor novel by William Thackeray, which details the adventures and misfortunes of a shallow, unprincipled and ultimately dull young social climber. Ryan O'Neal delivers a physically energetic, emotionally damped performance as Barry; the fault lies not in the characterization, but in the character. Marisa Berenson, with only 13 lines in the entire three-hour movie, looks pretty but does little significant acting as the solitary, melancholy Lady Lyndon. Patrick Magee as O'Neal's gambling partner, and Hardy Kruger as his commanding officer, turn in capable supporting performances. The plot is episodic, sweeping from Ireland across northern Europe as Barry becomes a soldier, then a gambler, and finally a would-be nobleman. John Alcott's cinematography is effective in evoking a sense of time, place and mood, serving additionally to distract attention from the everyday characters to the more interesting surroundings. *Barry Lyndon* may ultimately be remembered more for its visual artistry than for its subject matter. Rated "PG."—**Charles F. Barr**

• Neil Simon's latest film adaptation, **THE SUNSHINE BOYS,** is a considerable improvement over his previous outing, *The Prisoner of Second Avenue.* Walter Matthau heads a capable cast as an irascible old ex-vaudevillian, trying endlessly and hopelessly to make a comeback. George Burns makes the most of his first movie role in 36 years, as Matthau's former partner who broke up the act by retiring years ago (for which Matthau has never forgiven him). The casting is right, the dialogue is well-timed, and the direction is businesslike. What's missing in the movie is a sense of urgency. The plot concerns an attempt to reunite the team one last time for a television appearance. But despite the blood, sweat, tears and contortions put on by Richard Benjamin, as Matthau's nephew and the catalyst behind the reunion, there never really seems to be that much at stake; neither money nor pride are on the line. However, the movie does have its moments: a jittery face-to-face confrontation between the two ex-partners, their first in 11 years; a rehearsal in which they are forced to share the same dressing room, even though they refuse to talk to each other; and a conversation between Benjamin and Burns that is almost a continuous non-sequitur. Simon's peppery one-liners, scattered liberally throughout the movie, are genuinely funny and help bridge many of the dull spots. *The Sunshine Boys* doesn't quite make it as a story, but as a character study it works very well. Rated "PG."—**C.F.B.**

Walter Matthau and George Burns rehearse their vaudeville skit for television in The Sunshine Boys.

• The Campus Studies Institute has a bestselling libertarian paperback (100,000 the first year) in *The Incredible Bread Machine.* Now they have made a 32-minute, color, 16mm movie, **THE INCREDIBLE BREAD MACHINE** based on the book.

The results are devastating. Here is a fast-paced, no-holds-barred assault on statism. Scene: the state seizes an Amish farmer's horses for refusing to pay Social Security taxes. Scene: the state lays siege to the home of a man who, rifle in hand, refuses to yield to eminent domain. Scene: The parking lot where the home once stood. Scene: Narcotics agents break into a home, terrorize the family, smash the furniture, and discover they are in the wrong house. Scene: Murray Rothbard speaks of the wonders of government housing while seated before films of the government blowing up government housing. And on and on.

The film makes effective use of dialogue. No one preaches to the audience. Instead, young people rap about freedom, rights, socialism, and the market. The overall effect is to stimulate an interest in libertarian ideas.

You won't find this film in your neighborhood theater. However, it is available from the Campus Studies Institute, 11722 Sorrento Valley Road, San Diego, CA 92121. If you want to turn some people on, or just have a rousing good time, get a copy for your group.—**Brian Summers**

LUCIFER'S LEXICON
by L. A. Rollins

misanthrope, n. One who loves his neighbor as himself.

neutralism, n. In foreign affairs, a national policy of taking neither side in a conflict, commonly as a means of "taking" both sides.

suicide, n. Taking one's life—too seriously.

tobacco, n. A plant whose variously prepared leaves are most pleasure-giving to this lexicographer, not when smoked or snuffed, but when eschewed.

unimpeachable, adj. Not holding public office.

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GOLD

Gold is going to $400 an ounce just as sure as I'm human says editor Richard Suter. Knowing this, should you now buy gold coins, South African gold mine stocks, gold bullion, or gold future contracts? In **NATIONAL HARD ASSET REPORTER** editor Suter tells you which and when! This report gives important technical information which will permit you to earn, what we believe to be, maximum profits during 1975-6. **NATIONAL HARD ASSET REPORTER** gave subscribers important and exclusive information which permitted them to gain maximum profits from the November and December, 1973 gold price explosions, and we saved subscribers a big loss during the Fall of 1973 when gold stocks dropped up to 1/3, by recommending that subscribers sell all their stocks when prices were at record levels. Many investors, not having the advantage of editor Suter's advice, lost up to 1/3 of the worth of their gold stock holdings.

How will the continued gold dumping by the United States Government, which will soon be joined by the International Monetary Fund, affect the price of gold? Might the Soviet Union, in its need to buy United States wheat and other grains, be forced to sell so much gold as to destroy the current level of gold prices? Are the Swiss banks currently engaged in a market fixing operation to hold the price of gold artificially low, or is it artificially high? **NATIONAL HARD ASSET REPORTER special reports** give you the scoop. Another special report reviews the individual South African gold, giving predictions of their future earnings and highlighting those who pay up to *14% yearly dividend* income to share holders: **Blyvooruitzicht, Buffelsfontein, Free State Geduld, Kloff, President Brand, President Steyn, St. Helena, Vaal Reef, West Driefontein, Western Deep Levels, Western Holdings;** which is the best investment?

COPPER

During 1974 copper hit an all time record price of $1.40 a pound. Since then the price has moved steadily down to the current quote of near 60¢ a pound. Copper may be the very best hedge against inflation, being an industrial metal which editor Suter indicates will skyrocket in price with any real industrial expansion. Should you buy copper now for a *200% to 1000% profit during the next 12 months?* **NATIONAL HARD ASSET REPORTER special reports** gives you the outlook for maximum profits from copper investments.

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SPOTLIGHT

To many people, economics appears to be a dull, drab academic field. To others, it is considered "the dismal science," since it focuses on the limited nature of resources in the face of essentially unlimited human wants. But to economist Sam Peltzman, economics is neither dull nor dismal. Indeed, to Peltzman economic analysis is a powerful tool for analyzing the effects of "public policy," i.e., the actions and programs of government. Thanks to Peltzman's careful research, we know (for example) that government-mandated auto safety improvements have led to a large increase in accidents and that the FDA's over-cautious drug approval procedures have cut in half the number of new drugs introduced each year. It is findings such as these that have made Peltzman a rather controversial figure in the academic world, and have led to his appearance before Congressional committees.

Sam Peltzman's economic approach is empirical and quantitative, like that of other members of the Chicago school of economics. Some defenders of liberty criticize this approach, but Peltzman's work is an excellent illustration of its value in today's political context. Most people today (including government officials, newscasters, and ordinary citizens) are skeptical of the free market and still tend to see government as a benevolent problem solver. Consequently, they are not disposed to listen to what appear to them to be the hypothetical arguments of non-empirical free-market economists. In effect, they need to be hit over the head with the *facts* on the counterproductiveness of government programs, before they will listen to arguments based on logic and values. Peltzman and his colleagues provide such facts, in a rigorous, quantitative form that cannot be dismissed as merely ideological.

In his study of the effects of the 1962 amendments to the Food, Drug, and Cosmetic Act, for example, Peltzman used a variety of statistical techniques to evaluate the differences in behavior of drug companies, physicians, and consumers before and after the amendments went into effect. (The amendments grew out of the Kefauver hearings on the drug industry, and were spurred to passage by the thalidomide incident of 1961-62; they imposed stringent new requirements on drug companies to document the effectiveness, not merely the safety, of new drugs before they can be allowed on the market.) Making cautious and reasonable assumptions where data were lacking (always giving the benefit of the doubt to the FDA), Peltzman came to some astounding conclusions. The amendments, and the FDA's procedures for enforcing them:

- *Cut in half* the number of new drugs introduced each year, but did *not* reduce the incidence of inefficacious drugs,
- *Doubled* the cost of new drug development,
- Increased drug prices by reducing competition among drugs, costing consumers *$50 million* extra per year, and
- Imposed a net cost of *$300-400 million* per year in terms of sickness and death that could have been prevented by drugs withheld from the market.

Needless to say, Peltzman's findings did not go unnoticed. Shortly after Milton Friedman presented them in a 1973 *Newsweek* column, Sen. Gaylord Nelson called hearings at which a parade of FDA officials and supporters attacked his study. Notified about the hearings by a reporter, Peltzman was belatedly given an opportunity to attend a subsequent hearing. This one was stacked with three pro-FDA economists, Nelson's staff economist, the minority counsel, and Nelson himself, all of whom attacked his results. Nonetheless, Peltzman emerged with his methods and results unscathed. "I had a lot of fun, given the odds," he recalls, "and Nelson ended up shouting, haranguing, and even turning off some of his witnesses." Since that time the FDA has begun conceding that a "drug lag" exists, and the 1975 Economic Report to the Congress cites Peltzman's numbers in urging a thorough overhaul of drug regulation. Other studies are beginning to appear, confirming Peltzman's case (see "Trends," this issue).

The auto safety analysis provoked a similarly hostile response, "mainly from highway safety and Nader types, rather than from bureaucrats." Using a similar type of statistical methodology, Peltzman compared accident incidence and seriousness before and after implementation of legislation requiring seat belts and other safety equipment. Although driver injuries and fatalities have indeed dropped, the total number of accidents and the number of pedestrian injuries have both soared above what might have been expected without the safety regulations. What seems to have occurred is that drivers, lulled by the presence of devices which reduce the risk of injury in accidents, have driven more recklessly, resulting in more accidents and greater harm to pedestrians and motorcyclists.

SAM PELTZMAN

Peltzman's auto safety analysis was the focus of a 1975 conference sponsored by the Liberty Fund. Forty professors of law and economics discussed and critiqued the methodology and its results, but the only criticisms involved the general limitations of econometric analysis, not Peltzman's use of it. It was generally agreed that Peltzman's findings "represented the most reliable data available at present for making policy decisions in the area of safety regulation." The cost-effectiveness issues raised by the conference were the subject of a two-page article in *Business Week* (June 30, 1975) which focused heavily on Peltzman's work.

All of which is quite a tribute to this 35-year-old economist. Born in Brooklyn, Peltzman received his B.B.A. from CCNY and went on to a Ph.D. in economics at the University of Chicago. While there he was business manager and associate editor of the *New Individualist Review*, the leading classical liberal journal of the 1960's. He has taught economics at both UCLA and Chicago, and is currently a full professor at Chicago's Graduate School of Business and a research associate of the National Bureau of Economic Research. In addition, he was appointed editor of the *Journal of Political Economy* in 1974.

Peltzman's involvement in public policy questions dates back at least to 1970-71, when he served for a year as a staff economist on the President's Council of Eco-

(continued on page 48)

SCI-FI

FRENCH CLASSICS

Academic interest in science fiction has spurred a boom in republication of "classics" of SF—not the classics of Asimov and Heinlein (which you can find on any news stand), but "classics" nobody ever heard of. Most of these are published in limited hardcover editions, aimed at libraries—and at prices only libraries can be expected to pay. Some are still readable today; most are more of scholarly interest, but there are exceptions.

DAW Books, a mass-market paperback line, has gone out on a limb and revived two classics of French science fiction, Charles I. DeFontenay's *Star, or Psi Cassiopeia* and J. H. Rosny-ainé's *The Astonishing Journey of Hareton Ironcastle.*

Apart from the classics of Jules Verne and H. G. Wells and the contemporary British writers like James White and Keith Roberts, non-American SF is virtually unknown to casual readers in this country, and even many fans assume everything important in SF originated here, at least since Wells. It isn't so, of course. French science fiction, for example, didn't end with Verne. (In fact, it didn't altogether *begin* with him.) What happened after 1900 or so was that romantic, imaginative literature became less fashionable—and therefore less likely to be translated. And even before that, Verne was the only SF writer widely translated.

Neither *Star,* which dates back to 1854, nor *Ironcastle* (the shortened title of the Rosny-ainé novel used by DAW for an adaptation by Philip Jose Farmer), which was published in 1922, has ever appeared in English before.

DeFontenay (1819-56), an obscure doctor, playwright and poet, was virtually forgotten even in France until he was rediscovered by French SF critics about five years ago. *Star* was literally a literary mutation, seemingly springing from nowhere —and leaving no progeny. The novel—actually a collection of narrative poems, essays, plays and travelogues—purports to describe the history and customs of the inhabitants of a multiple-star system in Cassiopeia, treating their religion, political philosophy, arts and science.

De Fontenay's landscapes are described as evocatively as those of Jack Vance in recent novels: the movements of four suns —white, green, red and blue—create constantly changing patterns of light and shadow uncannily like those of Marune in Vance's latest novel, *Marune: Alastor 933.* Although the inhabitants of Star (a planet, despite its name) are human to the Nth degree, the flora and fauna are like nothing on Earth—nor are the *repleus,* a second, semi-intelligent race that provides servants for the aristocratic Starians. DeFontenay was apparently the first imaginative writer to create a really *alien* environment.

Star is also an epic, describing the journeys of refugee Starians from planet to planet in their system after a plague wipes out their race on their homeworld. The peoples they meet are exotic, to say the least. Tassul's natives are hermaphrodites; those of Lessur share an erotic symbiosis with their world. Rudar is shrouded in perpetual fog, and inhabited by beings preyed on by a living Death that feeds on their psychic energies.

Most of DeFontenay's style, as translated by poetess P. J. Sokolowski, is quite effective, and the passages dealing with Star itself, its history, the plague and the colonization of other worlds by Starian refugees, are vivid and memorable. Towards the end, after the Starians migrate back to their homeworld and conquer the degenerate *repleus,* the work tends to bog down in utopian preachment —but far less so than most utopias.

FRANCE'S WELLS

J. H. Rosny-ainé (1856-1940) was the pseudonym of Joseph-Henri Boex, who occasionally collaborated with his brother (J. H. Rosny-jeune), and was to France, without exaggeration, what Wells was to England, even though few American readers have ever heard of him. Rosny was a nonconformist from the start—at age 11, he infuriated his father by writing a story about a "Society of Free Children" who flee to a wild country to escape "persecution by their parents."

Initially attracted to the "naturalism" of Emile Zola, he broke with that school in 1887, complaining that it lacked true imagination. That was the year he published "Les Xipehuz" (translated here as "The Shapes")—the first interplanetary invasion story, and unusual even by today's standards. It is set in prehistoric Persia, and the invaders are a crystalline form of life totally alien to Earthly organisms. Not until the 1930's did writers like Stanley G. Weinbaum and Raymond Z. Gallun duplicate Rosny's feat.

The only other story by Rosny to have appeared in English is "Another World" (1895), a sensitive account of a mutant whose appearance is strange and who can see a world parallel to our own, but invisible to normal humans. The most striking thing about the story is Rosny's identification with, and sympathy for the mutant. Most American SF, even decades afterwards, tended to regard mutants as malevolent, or at best pitiful. Rosny was obsessed with the idea of the plurality of existence. In "The Mysterious Force" (1913), an encounter between "our" universe and a parallel one alters physical laws, and leaves behind alien life forms that become part-symbiotes, part parasites on Earthly life—an idea that anticipates Walter M. Miller's modern classic, "Dark Benediction."

Ironcastle, which is scheduled to appear this month in English, has an odd publishing history. One of the few full-length SF novels Rosny wrote (he preferred what we call novellas), it was farmed out by DAW for translation—but editor Donald A. Wollheim didn't like the results. So he sent the translation to Philip Jose Farmer, and asked him to rewrite it. In a sense, then, the work as it appears here will be a posthumous "collaboration."

Its theme is typical of Rosny: somewhere on Earth, a fragment of another planet has crashed, and its life forms infected the surrounding area. Hareton Ironcastle, a British scientist-explorer, sets out to investigate the phenomenon—and his journey becomes like an interplanetary one without his ever leaving Earth: as he approaches the scene of the impact, flora and fauna become stranger and stranger until the "alien" overwhelms the "natural."

Like Wells, Rosny didn't restrict himself to science fiction. He was a member of L'Academie Goncourt, and most of his output consisted of "social" novels that aren't highly regarded today. He also emulated Jack London in prehistoric works like *The Giant Cat*—the only one of his novels previously to have appeared in English. But again like Wells, it is for his science fiction that Rosny is honored. Had his SF been translated when it first appeared, he would undoubtedly enjoy world fame today, for it is both highly imaginative and highly literate.

Even Wollheim considers most of Rosny's works too "quaint" to appeal to modern

readers. Of course, anything written 50 or 75 years ago tends to seem "quaint" today—but we are familiar with the quaintness of English literature, and take it for granted. Perhaps it isn't too late to develop an appreciation for Rosny, "quaint" though his works may be.

Whatever the impact here of *Star* and *Ironcastle,* their publication represents correction of two literary injustices, and the two novels will be a pleasant surprise to those who would never have expected anything to emerge from the exploration of science fiction past but dime novels, Tom Swift and utopian tracts. ◻

John J. Pierce

John J. Pierce's science fiction column alternates monthly in REASON with Davis Keeler's Money column.

publisher's notes

• **FUND RAISING PROGRESS REPORT:** We are heartened by the response of many subscribers to our recent fund-raising letter. As of press time, some 365 people had responded to our appeal, contributing $5048.50 for use in a new campaign to increase REASON's readership. Though we are still far short of our $30,000 goal, we have received enough to go ahead and begin preparing the new direct mail campaign.

Many readers sent letters along with their gift, some offering suggestions on the promotional campaign, others telling us how important it is to them that REASON continue. To those who may have been alarmed by our asking for help, please be assured that REASON will continue to publish. We thank you sincerely for your support in helping REASON's voice be heard.

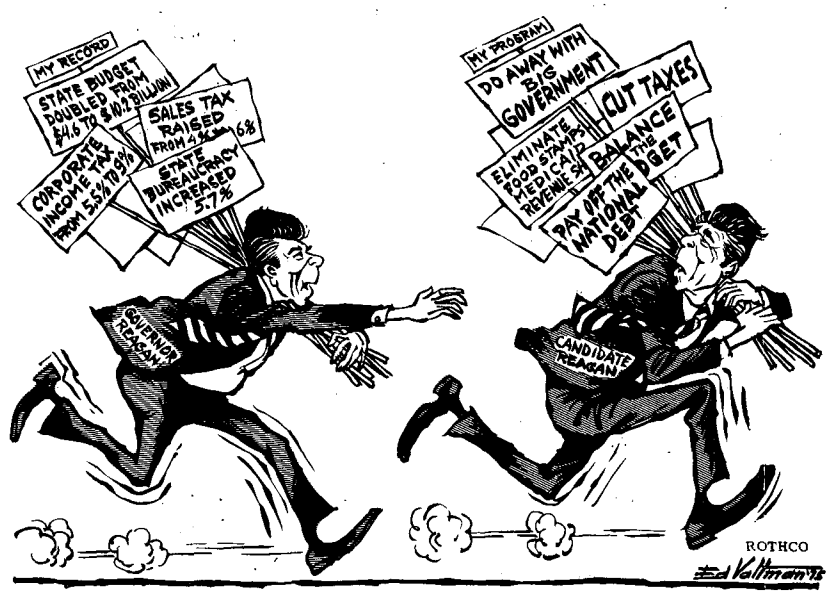
• **LECTURE SERIES:** The University of San Diego Law School has scheduled a Distinguished Lecture Series on Law and Economics, featuring many of the brightest free-market lawyers and economists in the United States. The lecture series includes such notable scholars as Henry Manne (Jan. 29), James Liebeler (Feb. 12), Michael Levine (Feb. 19), Sam Peltzman (March 4), Ronald Coase (March 11), James Buchanan (March 18), Armen Alchian (April 1), Bernard Siegan (April 22), and others. Siegan is Distinguished Professor of Law at the University of San Diego School of Law, and was primarily responsible for setting up the lecture series. A good turnout at the lectures will make it likely that additional lectures will be held in the future. Each lecture is scheduled for Thursday evenings at 8 p.m. at the U.S.D. School of Law. For further information, call (714) 291-6480, ext. 353 or write to Professor Siegan at the U.S.D. School of Law, Alcala Park, San Diego, CA 92110.

• **VIDEOCASSETTES:** The Intercollegiate Studies Institute (ISI) is offering a collection of videocassettes from its "Role of Business in Society" program for teachers and students of business education and social studies. The program includes lectures on the American Economic System, for classroom use, by 18 scholars, including Murray Rothbard, F.A. Hayek, Harold Demsetz, Israel Kirzner, W.H. Hutt, William R. Allen and Gary North. The videocassettes may be borrowed without charge by teachers. A catalogue describing the videocassettes is available from ISI, 14 S. Bryn Mawr Ave., Bryn Mawr, PA 19010.

• **FEDERAL GOVERNMENT "AUDIT":** The remarkable financial statements of the U.S. Government, prepared by Arthur Andersen & Co., one of the two largest international accounting firms, may be obtained (in limited quantities) by writing to any local Arthur Andersen & Co. office or to the firm's headquarters at 69 West Washington, Chicago, IL 60602. Entitled "Sound Financial Reporting in the Public Sector," the 35-page booklet (described in "Trends" in our January issue), contains detailed financial statements which tell more about the Government's financial condition and size of the "national debt" than the Government ever wanted us to know.

• **AYN RAND LETTER:** Ayn Rand has notified her 15,000 subscribers of her decision to stop publishing the *Ayn Rand Letter,* her monthly four-page commentary. Ms. Rand stated, "I intend to return, full time, to my primary work: writing books." The main reason for discontinuing the letter: "The state of today's culture is so low that I do not care to spend my time watching and discussing it. I am haunted by a quotation from Nietzsche: 'It is not my function to be a flyswatter.' "

• **T.V. FILM:** "Young Pioneers," a film based on a book by Rose Wilder Lane, will be shown on ABC on March 1 from 8-10 p.m. (check listing for Central time). Co-produced by Libertarian Party presidential candidate Roger L. MacBride, the film is a drama about teenagers who go west in the 1870's to make a life of their own in the New Country. Depending on viewer response, ABC may buy rights to the book for a new T.V. series. We urge readers to watch the film and to let ABC know if you like it. ◻



MR. REAGAN IS RUNNING

FRONTLINES

GOVERNMENT AND SLAVERY

One of the principal characteristics distinguishing a libertarian society from an authoritarian society, whether it be a socialist, theocratic, or merely a democratic majority-rule system, is that the libertarian society is built upon the concept of individual rights. The authoritarian societies, by degree, would deny that individuals have rights and immunities against the rule of "the People" or "the Priesthood." Of course, in the United States the legal system is based on a structure of individual rights (unfortunately vitiated by the legal concept of "the public interest"). Since the basic concept that "Rights Exist" is acknowledged, the opportunity to work within the system to expand the sphere of personal liberty exists.

At the University of Chicago Law School, Prof. **Richard A. Epstein** has developed a theory of tort law which serves as part of a system of corrective justice designed to protect individual liberty and private property. The theory is extremely powerful, from a libertarian political perspective, and Epstein openly admits a strong preference for the libertarian approach to social theory—as opposed to the social democratic approach (as exemplified by Harvard's John Rawls, or the more primitive socialist writers) and the utilitarian approach (as exemplified by Milton Friedman, George Stigler, and the Chicago economists in general). Speaking at a recent meeting of the University of Chicago Libertarian Club, Epstein pointed out that the libertarian approach begins with an unqualified rejection of slavery in any form; the other two approaches do not reject the possibility of slavery, perhaps called "duty to society" or "redistribution" or "the greatest good for the greatest number." Epstein's work has appeared within the last two years in the *Journal of Legal Studies,* but the serious libertarian student should investigate the review of Epstein's recent articles in the new issue of *Law and Liberty,* published quarterly by the Law and Liberty Project of the **Institute for Humane Studies, 1177 University Drive, Menlo Park, CA 94025.** In this review article, University of Chicago philosopher **Roger Pilon** summarizes the thrust of Epstein's theory and provides the reader with necessary notes and citations.

The Law and Liberty Project is headed by **Davis E. Keeler,** known to readers of REASON by virtue of his bimonthly Money column. Keeler is an attorney and an economist, a combination of talents which may prove to be the hallmark of the restoration of libertarian ideas in American public policy. The *Law and Liberty* newsletter is distributed free upon request, and if a particular issue is desired in quantity you may obtain up to 20 copies without charge.

DEFENDING YOUR RIGHTS

The attack on individual rights is easy to initiate. All that is required is (1) a demogogic appeal to somebody's greed or envy; (2) some legislative or executive statesmen who are prepared to write new regulations and ordinances to benefit the particular organized group; and (3) the obedience of the victims, which is usually the least-cost alternative. Yet what if the victims resist?

An arena within which resistance is still possible in spite of many misconceptions and fears, is the court system of the United States. The **Citizens Courtroom Workshop, Box 19330, San Diego, CA 92119** offers four-day seminars at various locations around the country to introduce laymen to the mysteries of the law. The workshops are not designed to provide comprehensive legal training, but they do equip those who attend with knowledge of how to use a law library and do elementary legal research, how to initiate a lawsuit, including the drafting of complaints, motions, and other documents. The workshops supply the rudimentary legal knowledge for an individual to judge when it might be possible and feasible to plead "in propria persona" (without an attorney), and to monitor the work of an attorney who might represent the person in more complex cases. A heavy emphasis of the Citizens Courtroom Workshop involves tax law, which should be of interest to those who fear the wrath of the IRS.

One of the graduates of a workshop, **Holmes Crouch,** filed a suit against the IRS challenging a ruling under Section 1402(h) of the tax code, which provides for exemption from Social Security for certain religious sects. Those who have seen the book and film, *The Incredible Bread Machine,* will recognize this little known aspect of the tax code. Crouch was granted a three judge panel to consider the Constitutional aspects of the question—whether or not "sincere philosophical" libertarians might not also qualify for this exemption. We regret that we have no further information on this case at this time.

The possibilities of initiating suit against the government have been known and used by the advocates of "welfare rights" and "environmental rights" for some time, but only recently have suits from the perspective of libertarians been considered as tactical moves. There was, of course, the famous Supreme Court decision in the 1930's which overturned the NRA, but for the most part individualists have either cut costs, or cut and run. The **Pacific Legal Foundation, 455 Capitol Mall, Sacramento, CA 95814** has been very active and remarkably successful in fighting some of the more zany proposals from ecology bureaucrats and Naderite vigilantes. The basic structure of the law and the court system are on the side of logic and right reason, so libertarians should take heart. Under a little known Federal law, the *Tucker Act,* citizens can sue the government to recover damages for any unconstitutional government takeover of property. To the typewriters, Troops!

THE ANTI-SLAVERY MOVEMENT

On Wednesday, October 22, 1975, **Doug Kennell,** alias Jean Freeman, alias Jean Berkman, was arrested by the FBI for violations of the Selective Service Act—to be specific, he chose to ignore the various orders for examination and induction. An indictment was issued on June 2, 1971, some time after Kennell had gone underground. The case is interesting to libertarians for several reasons, but most specifically because the defense will be based primarily upon the 13th Amendment. This will be the first case since the Selective Draft Law cases in 1917 to challenge the government on the slavery question, and in 1917 the question of the draft was clouded by the arguments that the draft was not "democratic" or "just," and cases since then have typically revolved around issues of "conscience" and "Supreme Beings." If Kennell can obtain a day before the Supreme Court, we will be able to see if there is any principled consistency under the Constitution in this Bicentennial year, or whether the concept of "public need" (which is nowhere in the Constitution) still acts to nullify the Anti-Slavery Amendment.

For those who know Kennell, and he has attended a remarkable number of liber-

tarian functions around the country during his years "on the lam" and looked up literally hundreds of libertarian activists in the various cities he traveled to, there is no need to advise you that he is penniless. A legal defense fund has been established, **The 13th Amendment Defense Fund, Box 1202, Free Venice, CA 90291** (checks should be made payable to Shawn Steel, trustee). Since government, by its very nature, reserves to itself perquisities which it denies to individuals, it is probable that we shall once again be told that the Anti-Slavery Amendment applies only to private ownership of human beings and not to "democratic" ownership.

If the utilitarians and social democrats have a lock on the Supreme Court, when it comes to the right of self-ownership, the recourse of the citizen is to political action. The **Safe Return Amnesty Committee, 175 Fifth Ave., New York, NY 10010** maintains a lobbying office in Washington, DC, to support H.R. 9596, which would confer unconditional amnesty on the approximately 150,000 young men who escaped from slavery in one way or another. Importantly, the Safe Return Amnesty Committee is organizing committees in every Congressional District to lobby at the grass roots for support for exoneration of those like Doug Kennell who refused to surrender their lives to "democratic" slavery. The Committee, in fact, supports a much broader measure than H.R. 9596, which is drafted with some thought of saving face with conservatives; for this reason, the Committee is of interest to libertarians, who hold to a much more radical anti-slavery position. Unfortunately, the Committee is a little confused about the issue of "public service" slavery as opposed to military slavery. ◻

This column is concerned with activities out on the "frontlines" of the battle for freedom, and with the people who are the strategists, tacticians, and troops. Please send material for inclusion in FRONTLINES to Joe Cobb, Box 1776, Chicago, IL 60690.

VIEWPOINT

(continued from page 31)

was told, and fiddlesticks. Communism is well-*intentioned,* but Naziism was totally evil. So I learned.

Where, I wondered, is that vaunted "independence" of the media, if now we are supposed to parrot the current White House line? Where, I pondered, is that Divine gift of discrimination, such that we can—and should—be able to know, and upon knowing *tell* others, that a totalitarian regime like Mao's is utterly ruinous to the individual spirit, whereas an authoritarian regime such as Spain endured had many loopholes through which the human spirit could spring forth? Where—I ask you, *where*—are we in the American media when the best, the Walter Cronkites and my local colleagues and friends, wear blinkers and live in a twilight zone of moral relativism? Orwell might have understood. ◻

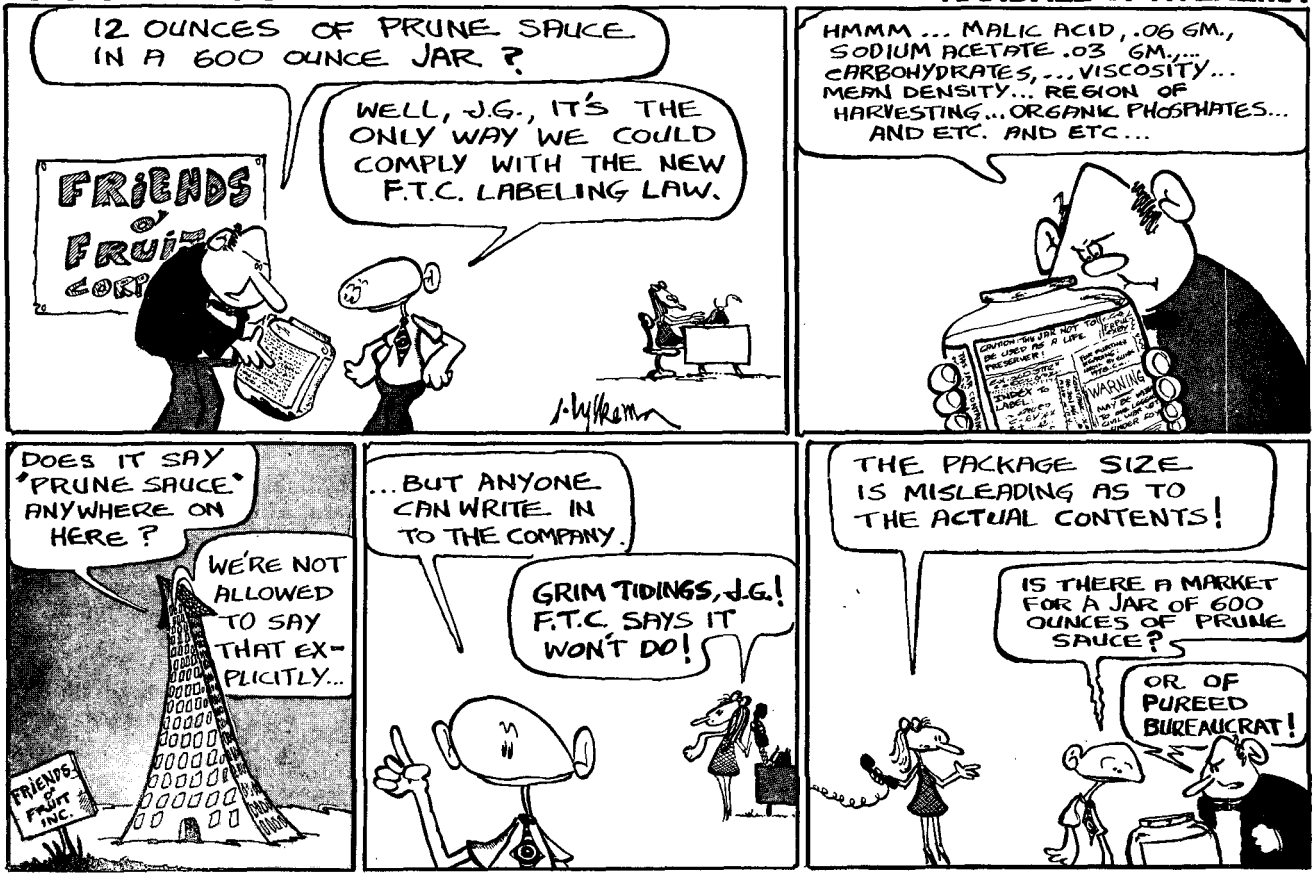
David Brudnoy is a syndicated columnist, television commentator and lecturer. Dr. Brudnoy's viewpoint appears in this column every third month, alternating with the viewpoints of Murray Rothbard and Tibor Machan.

"The thing I find particularly offensive is that they want me to make a statement about how rotten it is for women in America and how great it is here. I'm not going to say it because it is not true."

"I didn't realize how grim the Soviet Union is. It's a horrible place. I've never appreciated America more. I've made hundreds of speeches in the United States denouncing everything in the system . . . It's so different here. It's absolutely frightening."—**Karen DeCrow, President, N.O.W., Moscow, Oct. 16, 1975**

rudebarbs

RANDALL K HYLKEMA


12 OUNCES OF PRUNE SAUCE IN A 600 OUNCE JAR ?
WELL, J.G., IT'S THE ONLY WAY WE COULD COMPLY WITH THE NEW F.T.C. LABELING LAW.
FRIENDS OF FRUIT CORP
HMMM ... MALIC ACID, .06 GM., SODIUM ACETATE .03 GM.,... CARBOHYDRATES, ... VISCOSITY... MEAN DENSITY... REGION OF HARVESTING... ORGANIC PHOSPHATES... AND ETC. AND ETC...
WARNING
DOES IT SAY "PRUNE SAUCE" ANYWHERE ON HERE ?
WE'RE NOT ALLOWED TO SAY THAT EXPLICITLY...
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OR OF PUREED BUREAUCRAT!

LETTERS

MACHAN'S VIEWPOINT

I must take strong exception to Tibor Machan's "Viewpoint" in the December issue of REASON.

Prof. Machan argues that to impose "the ethics of government on the conduct of private individuals is to confuse the issue very seriously indeed." As illustration, he cites actions taken during the recent Libertarian Party national Convention by the supporters of certain Vice-Presidential candidates, of whom one is a self-admitted gold smuggler and tax-dodger, and the other, a homosexual.

Prof. Machan seems to have the impression that the supporters of these men were arguing that the Presidential candidate, Roger MacBride, should have been ready to accept any running mate elected by the Convention, without regard to that candidate's personal morality, ethics, or legal status. According to Machan, many delegates fell into the error of attempting to require Mr. MacBride to make his private, voluntary activities (i.e., running for President on the LP ticket) conform to certain planks in the LP Platform which prohibit the *government* from discriminating among persons on the basis of sexual preference (such as homosexuality) or consensual, non-coercive activities (gold smuggling). Further, Machan congratulates MacBride for standing up to the Convention and "for not being bamboozled into the trap of Kantianism, even by some rather formidable adversaries."

I have no quibble with Machan's logic: if all members of the body politic were rational and logically-minded beings, there would be nothing *immoral* about the LP's nominating, for instance, a racist bigot as its Presidential candidate, *so long as that bigot clearly and forcefully opposed all governmentally-imposed forms of racism.* However, the electorate does not often differentiate between a candidate's political philosophy and her or his personal preferences. This might appear irrational, but in fact may betray many voters' common sense. For example, the *only* major party candidate who publicly espouses the libertarian position on racial discrimination is . . . George Wallace! Yes, old block-the-door George now claims to be against *all* laws mandating state racism; whether in the form of segregated schools or of forced busing of children. He says that individuals should be permitted to associate with whomever they choose. Well, the logic is right, but I just don't believe it. Can you really picture the old bigot, if elected, fighting as hard for the rights of black individuals--or of long-haired, bearded, libertarians—as of his lily-white, blue-collar supporters?

Since I agree with Prof. Machan's logic, but disagree with the thrust of his commentary regarding the Convention controversy, we must either be reasoning from different premises or else he is arguing a question not relevant to the issues at hand. I think both cases obtain here, as Machan did not attend the convention and as the account given him of the issues is incomplete and distorted.

Among those "formidable adversaries" to which Prof. Machan rather darkly alludes were Massachusetts delegates Robert Nozick and Richard Kenney (and far less formidably, myself). Our delegation spent most of Saturday evening and Sunday morning preceeding the final Vice-Presidential fracas trying to learn and understand Mr. MacBride's motives in rejecting Mr. Trotter as a running mate and in threatening to reject Mr. Vernon as well. And the motivation is indeed crucial. There were two questions uppermost in our minds at that time. . . .

Most important: was Roger MacBride rejecting (or threatening to reject) Trotter and Vernon for the stated reasons (that having them on the ticket would result in a one-issue campaign)? *or* was there a reluctance on his part to go before the media, to go before Middle America, and declare unequivocally that these men's lifestyles were, from the libertarian standpoint, entirely moral and just? Was this the beginning of a process of "weasling out" from the hard questions and answers of the radical libertarian philosophy *as expressed by the platform of the Party itself?* How would Roger reply when asked about his stands on taxation, the CIA, anti-trust laws and, yes, gay rights? The point here is that our political philosophy encompasses such a wide range of outré positions that the media will *always* have it in their power to make it a one-issue "far-out kook" campaign, should they choose to do so.

Unfortunately, MacBride's nomination acceptance speech had intensified these doubts, rather than alleviating them (see *LP News,* for a transcript of this speech). MacBride spoke (some said "pandered") at considerable length on the need for decensoring the press, especially the broadcast media. He mentioned a number of steps he would take, if elected, to end government control of the media: executive orders to the Justice Department, repeal of the Equal Time Rule, etc. But *nowhere* did he enunciate the key libertarian concepts of outright abolition of the FCC, establishment of private property rights in airwaves and complete and total deregulation of *all* aspects of the broadcasting industry, including cable TV. Were these simply oversights in an honestly written speech? Or was it a failure of nerve, a compromise of principle to ensure more favorable coverage by the reporters he knew would be present? We didn't know. We *still* don't know. And we would very much like to know the answer.

A second, less crucial, question was one obliquely related to the issue discussed by Professor Machan. It was this: granted that Roger MacBride is indeed *not* personally bigoted towards individuals who engage in certain types of consensual sexual conduct or black market activities. Nonetheless, there is the issue of *acquiescing* to bigotry by permitting the fears and prejudices of others (media, middle-class Americans, etc.) to shape one's public behavior. Ignoring party politics for a moment, *do we as individuals want to support that sort of attitude in persons whom we elect to carry our message and our ideal to the people of our yet-great nation?*

It was to force public answers to these questions that Robert Nozick nominated, Rich Kenney seconded, and the Massachusetts delegates *unanimously* voted for the candidacy of John Vernon. We were *not* trying to nominate a trendy or "symbolic" candidate. We were *not* trying either to embarrass Roger MacBride or to force him to withdraw from the ticket. And we were not necessarily supporting Vernon because we thought him the best of all available candidates (although several of us had been extremely impressed with the man from our discussion with him the previous evening). We supported him in the hope of bringing to a head the crisis of confidence that had developed regarding our Presidential candidate.

Apparently we did not present our case as clearly as we might. Further, although accounts of the actions of the Massachusetts delegates have appeared throughout the libertarian press, none of them fully explain our reasons, and none contain the text of Professor Nozick's nominating speech.

To his credit, Roger MacBride was among the few who apparently fully understood the issues involved, and he responded in a clear and forthright fashion by announcing that he would accept any of the candidates for the nomination. (An interesting side issue: Dr. Machan does not say how he feels about MacBride's change of attitude. Does he condemn him for caving in to the so-called forces of egalitarianism, or does he approve on strictly tactical grounds?) Nozick's challenge, and MacBride's response, broke the crisis and reassured many of the delegates, although it did not satisfy a minority element (*not* represented within the Massachusetts delegation) which hoped to the end to dump MacBride or force him to withdraw his candidacy, and thus to overturn the free and open choice of MacBride which that minority had been unable to prevent.

I hope that in future Viewpoints Dr. Machan will research his material more thoroughly and argue in full knowledge of the facts. I hope also that he will credit libertarians with a greater measure of intelligence and maturity. And I hope that we can finally lay this whole unhappy issue to rest.

David E. Long
Boston, MA

Machan replies: Mr. Long should have read his own letter again before he mailed it to REASON. He would probably have discovered that he admits the central point of my Viewpoint column, namely that those chiding MacBride's rejection of Mr. Trotter and Mr. Vernon don't clearly understand the difference between liberty as a political value and the moral system by reference to which it must be justified. For example, Mr. Long believes that "these men's lifestyles were, from the libertarian standpoint, entirely moral and just." Actually, however, from the libertarian standpoint we have no answer to the question as to whether someone's homosexuality or transportation of gold from one place to another is moral or just—all we know is that it would be immoral to forcibly interfere with such activities or life-styles. (If the gold transportation involved extreme risk, it might be immoral; if the homosexual activities were irresponsible, they could be unjust.) Libertarianism simply says nothing about the morality or justice of lifestyles. If Mr. Long is speaking in these matters for Professor Nozick and others of the Massachusetts LP, I am afraid that at least that segment of the party is guilty of the confusion I identified in my column.

Some less central points need to be made in connection with Mr. Long's letter.

1. My absence from the LPC is an irrelevancy—I wasn't at the Munich Pact either, yet could know enough to appreciate the essentials of the event. Since when must one have experienced everything that one could know?

2. Roger MacBride's motives should have been of concern and tested *prior* to his nomination, not afterwards. However sincere the concern by then, it smacks to me to have had spite, not constructive purpose mingled with it.

3. Of course I am concerned with the ideas and ideals of my party's nominee: Roger MacBride has said he is a thorough libertarian and I have made the effort to find out that he is also a man of integrity and justice in private endeavors. The fact that he does not blabber about anything and everything to everyone—should he have demanded the privatization of all roads to the press as well?—shows good judgment, not lack of principle. *All* the truth is not *always* appropriate, especially not to one's enemies or people with contrary purposes.

4. Mr. Long's concern about morality and justice would be more appropriately demonstrated in avoiding the *use* of a person "in the hope of bringing to a head the crisis of confidence that had developed regarding our Presidential candidate." To chide MacBride for being a strategist and

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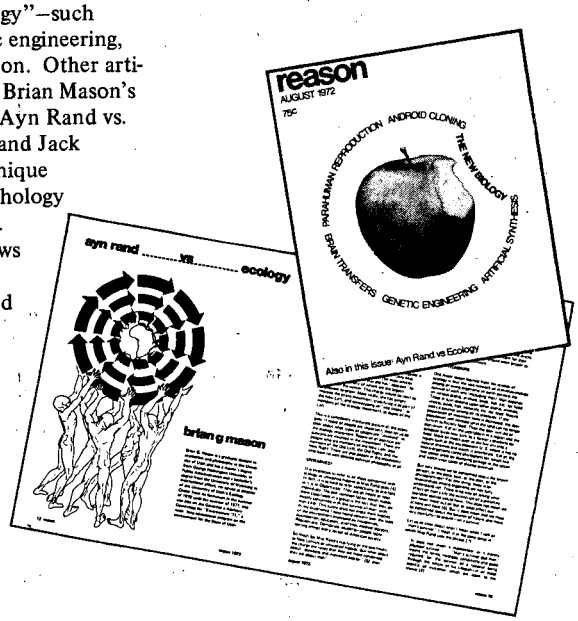
This issue leads off with Winston Duke's challenging overview of the promise and perils of the "new biology"—such developments as genetic engineering, cloning, and life extension. Other articles in the issue include Brian Mason's controversial article on Ayn Rand vs. the ecology movement and Jack Semmens' report on a unique experiment on the psychology of a guaranteed income. Also in the issue: reviews of Peter Breggin's *The Crazy from the Sane* and Nathaniel Branden's *The Disowned Self.*



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then admit that Vernon was being supported not "because we thought him the best of all available candidates" belies extreme confusion, at least!

5. I am neither boastful nor humble by nature, but in this instance I must admit to some pride of having clearly spotted the essentials of the issue in my column. Mr. Long's letter—which was approved by some of the parties for whom he speaks in it—is but a small confirmation of this fact. Having said this, I would welcome returning to the main task at hand, namely the struggle for liberty, the issue on which Mr. Long and I, admitting some of our differences and even their utmost importance, can unite.-T.R.M.

TOLERANCE AND POLITICS

I want to express my general concurrence with the line of reasoning in Tibor Machan's December Viewpoint. Two letters published in the same issue are good examples of what Tibor has to say.

I want to state here that I do not and never have thought that Roger MacBride rejected my nomination for Vice-President out of hostility toward homosexuals. His reasoning was tactical—which is not to say that the tactics are necessarily correct for the goals we wish to accomplish. I believe Roger wished to avoid the kinds of reactions from the public which are revealed in the two letters that I mentioned.

I wish Mr. Ganiard's letter could be printed on the front cover of REASON. It clearly delineates the difference between a libertarian and a conservative. This is not to say that to be a libertarian one must love homosexuals, or even respect them or choose to associate with them. But it is absolutely necessary to our philosophy that we at least acknowledge the right of others to live in different life styles from our own, free from persecution.

Which brings me to Mr. Balagurchik's letter. Libertarians do not tolerate the violations of the rights of others by any individual. He refers to homosexual molestations. Of course such action is indefensible. But does the fact that there is a great deal more violation of women and little girls by heterosexual men mean that I must therefore despise all persons of heterosexual orientation? Does Mr. Balagurchik find it more acceptable that men commit sexual assaults against females and not against males?

I hope for the day when individuals will be recognized for their real qualifications in the world, and not according to their sexuality. While the above mentioned letter writers have questioned the "manhood" of homosexuals, I am quick to point out that some of the most renowned and/or respected men in history were homosexual, or at least bi-sexual; George Gordon (Lord Byron), the law giver Solon, Hadrian, Tschaikovsky and a host of others. And while I will not embarrass anyone by mentioning names, there are a multitude of sexually "deviant" persons who are presently making significant contributions to the world, and to America in particular. Do they cease to be men because they at times desire the affection of other men? Or do homosexual mothers cease to be "women" because they prefer the affections of other women? Or do the presidents of the United States who have had homosexual involvements cease to be "men" because of it?

Unfortunately, politically, it is very difficult to challenge the moral viewpoints of one's constituency, at least if you expect them to vote for you. Roger MacBride appreciates this fact. And while I for one wish to change the moral viewpoint of a great many people, it is possible that job may be done more effectively from someplace besides a political campaign.

I want to state here that I have and do endorse Roger MacBride's campaign, and that I expect Roger to do everything he can toward the elimination of laws which directly discriminate against homosexuals. On my part, I will do everything in my

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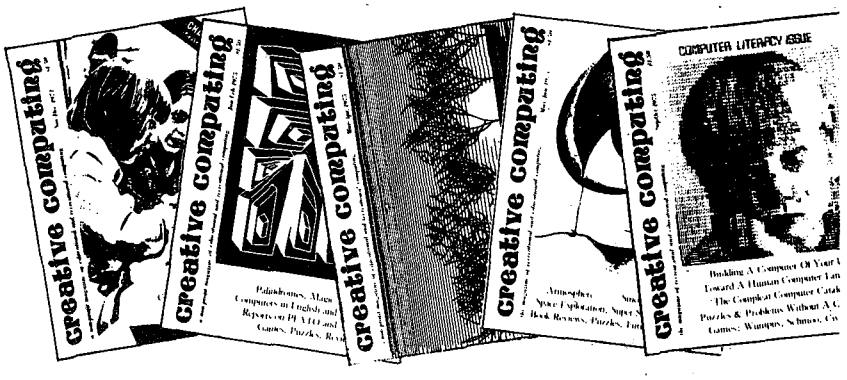

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Reason's Letter of the Month

The letter below, by subscriber Thomas L. Johnson, appeared in the December 20, 1975 issue of *The Free Lance Star:*

ANOTHER VIEW OF DANGEROUS DRUGS

In a recent column James J. Kilpatrick made an excellent point: "that the government has no business passing laws to prevent a man from making a durned fool of himself—so long as his conduct harms no one else." But in the same column Mr. Kilpatrick insists that it is proper "for the FDA to ban commerce in drugs that are demonstrably dangerous," and adds that "just about everyone accepts that proposition." Well here is one individual who most assuredly, and emphatically, does not accept that irrational proposition.

The principle involved here is that of individual rights—the right of each individual to freely choose what he will or will not do with his own body. Mr. Kilpatrick insists that if a drug is shown to be apparently worthless and ineffective, such as Laetrile which he was discussing, under this circumstance the individual can be allowed free choice and can make a fool of himself by taking this drug. But he would deny the individual the right of free choice if evidence showed that the drug was demonstrably dangerous. Here Mr. Kilpatrick is displaying his propensity toward Big Brotherism or paternalism which he so often rightly condemns.

It is not Mr. Kilpatrick's right, or the right of the collective, to paternalistically tell me or any other citizen what we can or cannot put into our own bodies, whether or not this substance be beneficial, neutral or harmful. Only when one individual attempts to force a substance on another individual can this action be considered of public interest since it is the rightful function of the government to attempt to prevent or prosecute such forceful action (to protect individual rights).

If one were to follow Mr. Kilpatrick's thinking, the sale of such items as coffee, tea and cigarettes should be outlawed by the government for there already exists a large body of scientific evidence revealing that both caffeine and nicotine are demonstrably dangerous drugs. But I doubt seriously if Mr. Kilpatrick would wish to see commerce in items containing these drugs outlawed. Nor would I suspect that he would wish the government to ban or restrict the sale of sugar or eggs, which many scientists now insist are dangerous to one's health.

What actually takes place when the government acts as Big Brother is a whole host of evils which severely penalizes everyone in the country. Because the government has outlawed the production, distribution, sale and possession of such drugs as marijuana and heroin (and Laetrile, etc.) we now find in this country an extensive black market which accounts for a large percentage of the underworld (Mafia) operations. We also find that every law-abiding citizen is far more likely to be robbed, mugged or killed by individuals seeking money for extraordinarily expensive drugs. We find police departments corrupted, millions of tax dollars wasted, and innocent victims hooked on drugs by pushers—all because the government has outlawed possibly ineffective (Laetrile), apparently harmful (marijuana) and demonstrably dangerous (heroin) drugs.

And yet these outlawed drugs are readily available—even to men and women in prison—and the drug problem persists, or even grows (marijuana use). Yet these are the very things that are supposed to be eliminated through the passage of laws outlawing specific drugs.

Mr. Kilpatrick and other conservatives should make up their minds about government paternalism—either to fully embrace or fully abandon it. Either an individual is free to make his own choices about his own life, whether these be beneficial or harmful choices, or else he is not. Kilpatrick and the conservatives continue to opt for limited welfare, limited foreign aid, limited drug laws, etc., which clearly reveals their position of limited paternalism. By now one would think that they could see where this has led and will lead in the future: to the continued loss of invidivual rights and freedom.

Thomas L. Johnson
Professor of Biology
Mary Washington College
Fredericksburg, VA

REASON subscribers are encouraged to write letters to the editor of their favorite newspaper, magazine, or journal, presenting libertarian views on topics of current interest. Each month REASON selects the most notable published letter for republication in this space, and honors the writer by a six-month extension of his or her REASON subscription. Send copies of your published letters to Reason Letter of the Month, Box 6151, Santa Barbara, CA 93111.

power to gain a proper respect and tolerance for homosexuals.

John R. Vernon
Oklahoma City, OK

BRAVO MACHAN

Tibor Machan: Hooray for you, sir! I'm sure that in the years ahead I'll have many opportunities to say, ". . . or to paraphrase the libertarian philosopher, Tibor Machan, 'If you choose to differ from others, or happen to be different from most, and still demand total acceptance by those you're different from, you just don't have the backbone to live with your choice or identity.' " Thanks.

Guy W. Riggs
Poughkeepsie, NY

CONTRA MACHAN

It certainly is reassuring to know that although Tibor Machan did not attend the Libertarian National Convention, and, in fact, is not even a member of the Libertarian Party, he nonetheless is sufficiently interested in our doings to devote one in his series of lecture-sermons on morality ["Viewpoint," December] to our problem last August regarding the selection of a vice presidential nominee. I find Tibor's treatment of the problem confused, however, and on one absolutely crucial point, terribly misleading, so that I would like to offer some comments.

Those of us who were disappointed and angered at Roger MacBride's initial decision to veto, if necessary, the nomination of a gay man as vice president could find no supporters of that decision who were able to show why the obvious analogy—vetoing a Jew or a black because of widespread anti-Semitism or anti-Negro feeling in the electorate—did not hold. But if it did hold, then a party which permitted itself to act as the transmitter and enforcer of social bigotry in this way was surely, we felt, violating the spirit of libertarianism. (Imagine a German Libertarian Party in, say, 1930, refusing to endorse an otherwise qualified Jew for office because this would alienate anti-Semitic voters, and the campaign would then focus on a "single issue"!) Since we believed that the official social attitude towards homosexuality is irrational and oppressive—and there was no one at the convention who was prepared to argue otherwise, least of all Roger himself—we considered it de-

meaning to ourselves and unjust to gay people to act as accessories in the implementation of that attitude.

Putting it in other terms: to have placed a somewhat increased chance of electoral success above doing the right thing did not strike us as the action of a group of intelligent "realists," but of an association of . . . Peter Keatings.

Furthermore, Tibor happens to omit from his article a rather important point: namely, that after discussions with the opponents of his original position, *Roger changed his mind on the question,* and, in an act that must have very few precedents in the record of political conventions, came before the delegates to announce that he would accept as vice presidential nominee anyone they selected! (Tibor should have saved his congratulations for Roger until he'd heard the end of the story.) To my mind, this was the peak experience of the whole Convention, and it confirmed the wisdom of having selected Roger MacBride to represent the libertarian idea in the coming year.

Finally, Tibor states: "If people who choose to differ from others, or who happen to be different from most, still demand total acceptance by those they are different from, they haven't the backbone to live with their choice or identity. Individualists indeed!" Now, just how is this supposed to follow logically? How does it contradict individualism if gay people and those friendly to their cause refuse to have anything to do with a party which makes homosexuality a disqualifying criterion for a candidate? And how does it contradict individualism if one says: if you personally continue to share a mistaken and injurious view of gay love, then my respect for you will suffer accordingly, and there are certain relationships of friendly association that I will refuse to enter into with you? Reason, indeed!

Ralph Raico
Buffalo, NY

Machan replies: The single point to be made about Prof. Raico's irrelevant and snide first paragraph is that if he took his remarks seriously, he would have to abandon his field of history—or did he attend the Constitutional Convention personally, perhaps even as a delegate? Since when does one need direct experience of something to make a valid comment? As to membership, that is my private affair—I doubt Professor Raico wants me to discuss in public his private life.

The analogy with anti-Semitism, etc., is not obvious, only plausible. Raico's use of it reveals his total failure to appreciate my point in my column, namely that there exists no moral obligation or duty to treat all persons alike concerning the selection of a VP candidate. I did not argue that homosexuals *should* be excluded, nor that tax-evaders or smugglers *should* be. My points were directed against those who consider it a categorical imperative to treat all persons as equal concerning all social endeavors. (That this is a theme of many homosexuals can be confirmed by simply going to some "gay" bars and listening to the attempts at "seduction" by way of the "everyone is equal, men and women alike" line of intimidation.)

In Nazi Germany Jews were being executed by the state for simply being Jews. What most homosexuals talk about today is not political liberty but *enforced* equality. But even in Raico's hypothetical German Libertarian Party it would have been perfectly justified to consider which candidate will achieve the party's goals. The emotional appeal of the case simply can not obliterate that fact.

Raico accuses me of wanting the LP to "transmit and *enforce* social bigotry" (my emphasis). This is unjustified. It again reveals gross misunderstanding or distor-

COMING NEXT MONTH

REASON for April focuses, appropriately enough, on taxation in America. Famed tax protester Karl Bray presents an overview of the leading methods of resisting income taxes, while Libertarian Party VP candidate (and attorney) David Bergland evaluates the risks involved in various tax resistance methods. Attorney Robert Martin exposes the tactics of the "Internal Revenue Narcs," and Robert Bakhaus provides a primer on resisting the State's attempts to control your life and property. Rounding out the issue is a moving short story on an individual's battle with the tax authorities, by noted author Robert Greenwood.

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tion. I want the LP to be kept free of Kantian drivel.

Finally, I didn't mention MacBride's "change of mind" because (a) it was irrelevant to my point, and (b) he never changed his mind on the issue of whether it is his moral duty to accept any "otherwise qualified" candidate, only on whether having a homosexual on the ticket would be a liability. (That is my understanding.)-**T.R.M.**

LETTER FROM LONDON

Don't be too impressed by the crisis stories. Dropped from an airplane, and blindfolded, you would think you were in any large, western metropolis, which is London. Oh, there is little innovation here, and much-too-much reverence for the old, but it has been that way for a long time now. It is still to the U.S.A., God Bless Her, that the whole world looks for anything . . . interesting. No one much cares why, and as long as they are carried along, they never will.

What is instructive is the particular form by which a semi-free market economy is corrupted in the western world. It is not socialism or communism that infects the body politic, stirring revolution or slow rot. That may be Portugal, or Chile, but not Britain or the U.S. No, Britain's free market tradition is going the way of—I can't think of a better word—Corporatism. This is a system whereby the entire country becomes Great Britain Ltd., one corporation, with many divisions, all of which it is the job of the divisional managers and corporate presidents and vice presidents (the political party in power) to operate efficiently in world markets. In this system, the ruling factor is the "balance of payments"—which is Corporatism's name for a country's profit-and-loss balance sheet. All may be sacrificed to this. In this system, wage and price controls, increases and decreases in the money supply, are merely the traditional businessman's strategy to hold down costs, motivate workers, and impress the buyers, sellers and competitors of and to Great Britain Ltd.'s products. In this system, a competing airline to the company's airline (British Airways) may not be allowed to compete too strenuously (by offering cut-rate fares to North America) because, after all, why compete with ourselves? It is a strange—but uniquely western breed—of statism, and one which fits comfortably into liberal and conservative frameworks. Run the country like a business. Call it, the United States of America, Inc. Its symbol? Nelson Rockefeller.

Dennis J. Chase
London, England

LIBERTARIAN MOVIES

May I agree with Charles Ziarko ["Letters," December]? Yes, movie reviews—or "even movie reviews"—should be relevant to the libertarian viewpoint, at least if they appear in REASON. Otherwise, how can we evaluate the reviews, which are themselves evaluations? There should be some starting point, some premise, some principle, some view*point* on which the reviews are based. If we wanted helter-skelter opinions, we'd read the Willy-Nilly Weekly. But we want libertarian-oriented opinions in REASON.

I agree with Douglas B. Rasmussen, too ["Letters," January]. I have been saying for years that libertarianism is not a complete system, not a religion, not a total code of ethics or morals. It is, however, a rather encompassing ideology, and while there is also no libertarian aesthetics, still motion pictures—especially in recent years—can and do try to send messages. Let your reviewers take note of those messages, and review them.

Rabbi Michael J. Morrison
Sherman Oaks, CA

DETENTE ILLUSIONS

The piece by Ole-Jacob Hoff [January] on the implications of detente for Norway (and the world in general) was excellent. Perhaps it will be sobering enough to awaken those isolationist and revisionist libertarians from their dogmatic slumbers.

Roger Pilon
Chicago, ILL

Letters from readers are welcome. Each receives editorial consideration, although only a selection can be published and none individually acknowledged. They should be kept as brief as possible and are subject to condensation. Letters submitted for publication in this column should be typed, double-spaced. Send letters to REASON, P.O. Box 6151, Santa Barbara, CA 93111.

SPOTLIGHT

(continued from page 38)

nomic Advisors. Working closely with Harvard's Hendrik Houthakker and UCLA's George Hilton, he drafted a plan for deregulation of surface transportation that was a precursor of current efforts to overhaul or abolish the Interstate Commerce Commission (see "Working Within the System: An Interview with Sam Peltzman," REASON, June/July 1972).

Seeing his work pay off in this fashion proves to Peltzman the value of empirical economics. "Without this academic research," he relates, "I doubt that the current receptivity to deregulation in Washington would be nearly as great, and I am sure the increasing skepticism about regulation among the economics profession would never have gotten off the ground." Thanks in part to Sam Peltzman and his colleagues, the myth of government as the universal problem-solver is finally being debunked. ◻

Readers are invited to nominate persons to be featured in this column. Send details to Spotlight, c/o REASON, Box 6151, Santa Barbara, CA 93111.

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(continued on page 50)

THERE'S MORE TO FREEDOM THAN SLOGANS

Everybody claims to be in favor of "freedom." Yet how many people really understand what it's all about? Consider the businessman who's all for free competition . . . unless his competition is named IBM or is Japanese. Or the mayor who wants plentiful transportation . . . but outlaws jitneys. Or the military leader who wants to defend freedom . . . using conscripted labor. Or the citizen who's all for free speech and press . . . so long as the material isn't "obscene." Each wants freedom for the things he considers important, but at the expense of somebody else's freedom.

At REASON Magazine, we believe in freedom for *everyone.* With Herbert Spencer and John Stuart Mill, we believe a person should be free to take any action, so long as it does not interfere with the liberty of anyone else. We call this point of view *libertarianism.* It is unabashedly individualistic, capitalistic, and (we think) reasonable. Moreover, this voluntaristic, free market approach points the way toward solutions to many of the problems created by the unbridled growth of Big Brother statism — like war, taxation, the energy crisis, and inflation.

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CLASSIFIEDS

(continued from page 48)

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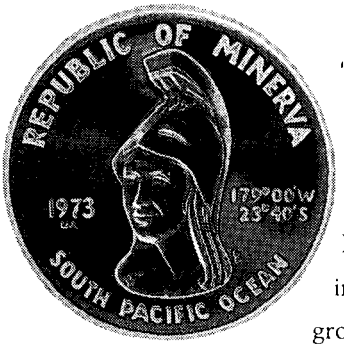

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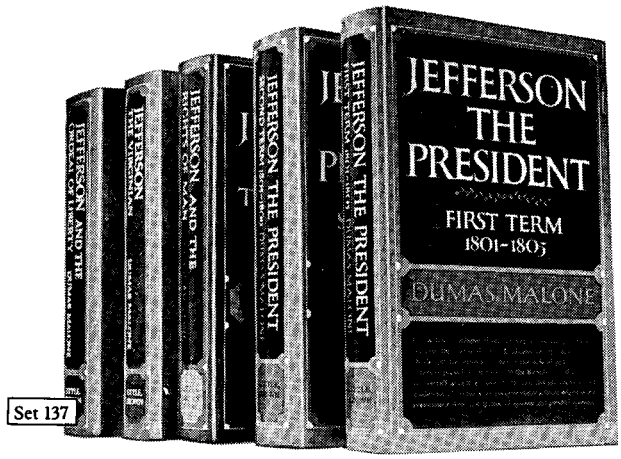

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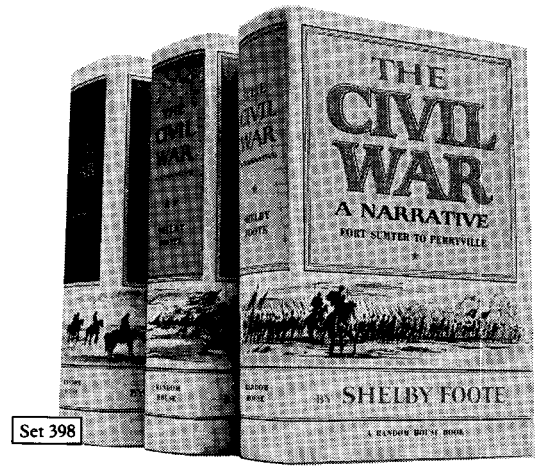

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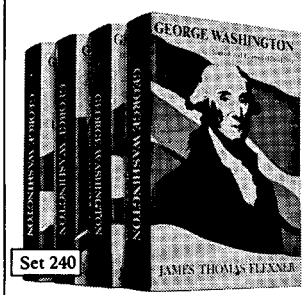

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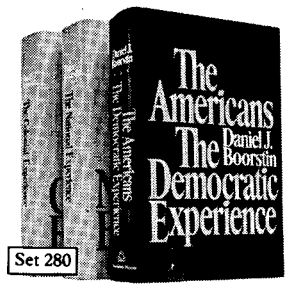

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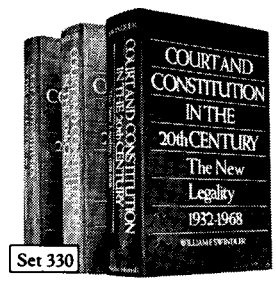

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